



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

TO: FINANCE AND CORPORATE SERVICES COMMITTEE

PREPARED BY AND KEY CONTACT: M. MIFSUD, SUPERVISOR OF FINANCIAL REPORTING AND POLICY
EXT. 4530
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EXT. 5128

SUBMITTED BY: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER

GENERAL MANAGER APPROVAL: D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

DATE: JUNE 5, 2019

SUBJECT: 2018 AUDITED CONSOLIDATED FINANCIAL STATEMENTS

RECOMMENDED MOTION

1. That the 2018 Audited Consolidated Financial Statements be received.

PURPOSE & BACKGROUND

Report Overview

2. The purpose of this report is to present the 2018 Audited Consolidated Financial Statements (“the financial statements”). The financial statements are a key accountability tool and provide valuable information about the Corporation’s financial condition in the following format:
 - a) Consolidated Statement of Operations and Accumulated Surplus;
 - b) Consolidated Statement of Change in Net Debt;
 - c) Consolidated Statement of Financial Position;
 - d) Consolidated Statement of Cash Flows; and,
 - e) Notes to the Consolidated Financial Statements.

These statements have been prepared by staff in accordance with generally accepted accounting principles (GAAP) as established by the Public Sector Accounting Board (PSAB), and have been audited by Deloitte LLP, as required by section 296(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25. This report provides highlights of the 2018 financial statements. The statements are provided in Appendix “A”.



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3. The consolidated financial statements provide Council, the public, the City of Barrie’s (City) debenture holders, and other interested stakeholders an overview of the City’s finances at the end of the year, and indicate revenues, expenses and funding sources and uses. City Staff are responsible for preparing the statements; Deloitte’s role as the City’s external auditor is to express an opinion on the fair presentation of the City’s financial position and operating results, and to confirm that the statements are free from material misstatements.

Consolidated Financial Statements

4. The consolidated financial statements include the following individual statements:

TABLE 1: Consolidated Financial Statements

Name	Purpose	Comments
Consolidated Statement of Operations and Accumulated Surplus	Summarizes revenues and expenses for the year and accumulated surplus at year end. This statement reflects the combined operations of the operating fund, capital fund (revenue portion only), reserves and reserve funds for the City of Barrie and its consolidated entities and provides the calculation of the City’s year end accumulated surplus.	<ul style="list-style-type: none"> • Includes amortization expense. • Capital spending is not shown as expenditures, but as an increase in tangible capital assets on the Statement of Financial Position. • Only reflects interest payments on debt (debt principal repayments reflected in balances shown on Statement of Financial Position). • Assets assumed during the year reflected as revenue.
Consolidated Statement of Change in Net Debt	Summarizes the change in net assets (debt) as a result of annual operations, tangible capital asset transactions, and changes in other non-financial assets.	<ul style="list-style-type: none"> • This statement (unique to governments), assists users in understanding whether net revenue generated during the year was sufficient to cover net capital investments and other changes in non-financial assets.
Consolidated Statement of Financial Position	Provides a summary of the City’s consolidated financial assets and liabilities (the financial resources available to provide future services and the future revenues required to pay for past transactions).	<ul style="list-style-type: none"> • Includes tangible capital assets. • Reserves are reported as part of “Accumulated Surplus”.
Consolidated Statement of Cash Flows	Summarizes the City’s cash position and changes during the year by describing the sources and uses of cash categorized by operating, capital, investing, and financing activities.	<ul style="list-style-type: none"> • Similar to cash flow statements from the private sector.

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5. The financial statements combine the financial results of the City's divisions with the financial results of the agencies, boards, commissions, and government business enterprise that the City effectively controls, or significantly influences. The entities consolidated in the financial statements as described in the Summary of Significant Accounting Policies accompanying the statements are:
- a) Barrie Police Services Board;
 - b) Barrie Public Library Board;
 - c) Downtown Barrie Business Improvement Area;
 - d) Lake Simcoe Regional Airport Inc. – 60%; and,
 - e) Barrie Hydro Holdings Inc. (shown as a Government Business Entity).

ANALYSIS

2018 Consolidated Financial Statements

6. The financial statements present five key indicators about a government's finances:
- a) Net debt;
 - b) Accumulated surplus (deficit);
 - c) Annual surplus (deficit);
 - d) Annual change in net debt; and,
 - e) Cash flows.

Consolidated Statement of Financial Position and Consolidated Statement of Change in Net Debt

7. The Consolidated Statement of Financial Position is the municipal equivalent of the private sector's Balance Sheet. Among other details, it reports two of the five key indicators – net debt and accumulated surplus (deficit).
8. Net debt is the difference between financial assets and liabilities, and represents the amount that must be financed from future budgets to pay for prior period decisions. Net debt results from cumulative spending that exceeds cumulative revenues that were raised. As shown, the City of Barrie's net debt position decreased from 2017 to 2018 by \$3.0 million to a total of \$137.1 million.
9. The Consolidated Statement of Change in Net Debt describes the factors making up the annual change in net debt, and the difference between the annual surplus and net debt. The inclusion of budget figures allows for an assessment of plan versus actual results.
10. Accumulated surplus is the amount by which all assets, including tangible capital assets, exceed liabilities. A surplus indicates a government has net resources (financial and physical) to provide services in the future, while a deficit indicates liabilities are greater than assets, and the government has been financing annual operating deficits by borrowing.



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11. The City of Barrie's accumulated surplus grew by \$59.8 million in 2018. The current year surplus includes \$4.3 million in assumed assets (which is a non-cash revenue resulting largely from the assumption of municipal infrastructure, which must be maintained by the City in the future) as well as grants of \$13.8 million (including significant funding from the Clean Water and Wastewater Fund).

Consolidated Statement of Operations and Accumulated Surplus

12. The Consolidated Statement of Operations and Accumulated Surplus is the municipal equivalent of the private sector's Income Statement. It shows whether revenues raised in the year were sufficient to cover costs.
13. It is important to note that a surplus does not indicate that there are "profits" or extra cash to spend. For example, in 2018, of the \$59.8 million current year surplus for financial statement purposes, \$4.3 million relates to the assumption of subdivisions, and \$54.3 million relates to the utilization of obligatory reserves, for which the cash was largely received in prior years. A surplus indicates whether a government maintained its net assets in the reporting period. However, judgements about the meaning and significance of a reported annual surplus need to consider the sources and uses of cash, and the change in gross/net debt during the reporting period.

Consolidated Statement of Cash Flows

14. The Consolidated Statement of Cash Flows describes how activities were financed during the reporting period and the effect of activities on cash balances. In 2018, the cash required for capital activities was approximately offset by the cash generated by operating activities. The overall decrease in the cash balance at the end of 2018 is largely due to the purchase of authorized investments per the City's Investment Policy and pursuant to the provisions of the Municipal Act. The investments are comprised of government and corporate bonds, as well as guaranteed investment certificates and have original maturity dates greater than 90 days.
15. The Consolidated Statement of Cash Flows helps to inform readers about whether future cash resources are sufficient for sustaining the Corporation's activities. We must also consider the Corporation's Financial Policies Framework, Capital Plan, and expected service levels. While the financial statements provide an opportunity to consider these policies and plans, they will also be considered during Council's review of the annual business plan.

ENVIRONMENTAL MATTERS

16. There are no environmental matters related to the recommendation.

ALTERNATIVES

17. As this Report is being presented for information purposes only, no alternatives are presented.

FINANCIAL

18. There are no financial implications for the Corporation resulting from the proposed recommendation.
19. While this report has no direct financial implications, indirectly, PSAB standards reflected in these financial statements emphasize the significance of incorporating amortization, post-employment liabilities, and landfill liabilities into the Corporation's budget through adequate reserve transfers, and improving its financial condition.



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LINKAGE TO 2018-2022 STRATEGIC PLAN

20. The recommendation included in this Report support the following goal identified in the 2018-2022 Strategic Plan:
- Building Strong Neighbourhoods



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

APPENDIX "A"

2018 Consolidated Financial Statements



**REPORT TO FINANCE AND CORPORATE
SERVICES COMMITTEE**

Consolidated financial statements of

**The Corporation of the
City of Barrie**

December 31, 2018

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The Corporation of the City of Barrie

December 31, 2018

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DRAFT

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Barrie (the "City"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net debt 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, 2018, and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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.



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

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.

(To be signed Deloitte LLP)

Chartered Professional Accountants
Licensed Public Accountants
June 5, 2019



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

The Corporation of the City of Barrie Consolidated statement of operations and accumulated surplus year ended December 31, 2018

	Budget (Note 18)	2018	2017 (Note 19)
	\$	\$	\$
Revenue			
Property taxation (Note 13)	233,133,988	232,648,499	221,742,606
User fees and service charges	80,851,754	83,196,597	78,816,383
Government transfers and grants	9,248,369	13,789,705	22,243,667
Provincial Offences Act (POA) (Note 17)	8,418,456	6,853,394	8,504,068
Licenses and permits	5,871,832	4,031,752	5,884,844
Investment income	1,565,511	3,253,151	2,353,373
Other	27,035,544	12,549,023	14,351,183
Contributed tangible capital assets (Note 10)	-	4,279,604	24,948,931
Equity earnings of government business enterprise (Note 3)	-	7,885,137	49,566,717
Municipal contributions	1,284,640	1,277,477	1,258,190
Utilization of obligatory reserve funds (Note 6)	53,011,285	55,042,521	50,371,145
	420,421,379	424,806,860	480,041,107
Expenses (Note 14)			
General government	45,020,706	45,979,653	42,488,275
Protection services	103,875,841	103,861,331	102,330,897
Transportation services	59,882,771	62,612,894	59,962,130
Environmental services	83,401,536	82,333,467	83,992,696
Health services	8,118,566	9,006,977	9,921,708
Social and family services	6,322,713	5,798,541	6,854,055
Social housing	7,039,510	7,304,607	6,309,620
Recreation and cultural services	42,940,133	42,923,425	41,296,130
Planning and development	4,334,120	5,157,830	4,770,871
	360,935,896	364,978,725	357,926,382
Annual surplus	59,485,483	59,828,135	122,114,725
Accumulated surplus, beginning of year	1,720,722,143	1,720,722,143	1,598,607,418
Accumulated surplus, end of year	1,780,207,626	1,780,550,278	1,720,722,143



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

The Corporation of the City of Barrie Consolidated statement of change in net debt year ended December 31, 2018

	Budget (Note 18)	2018	2017
	\$	\$	\$
Annual surplus	59,485,483	59,828,135	122,114,725
Acquisition of tangible capital assets	(95,169,706)	(131,909,451)	(37,277,413)
Contributed tangible capital assets	-	(4,279,604)	(24,948,931)
Amortization of tangible capital assets	56,167,041	56,167,041	54,277,334
Loss on disposal of tangible capital assets	-	957,860	1,017,781
Land transferred to inventories of land for resale	-	-	445,376
Transfers (acquisition) of tangible capital assets under construction	-	21,535,769	(68,110,800)
Proceeds on disposition of tangible capital assets	-	1,070,269	260,598
	20,482,818	3,370,019	47,778,670
(Increase) in inventories of supplies	-	(211,401)	(101,048)
(Increase) decrease in prepaid expenses	-	(182,021)	119,679
	-	(393,422)	18,631
Change in net debt	20,482,818	2,976,597	47,797,301
Net debt, beginning of year	(140,114,378)	(140,114,378)	(187,911,679)
Net debt, end of year	(119,631,560)	(137,137,781)	(140,114,378)



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

The Corporation of the City of Barrie Consolidated statement of financial position as at December 31, 2018

	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents (Notes 4, 5 and 6)	39,221,558	106,804,478
Taxes receivable	16,775,443	14,424,972
Accounts receivable	41,943,519	54,239,079
Inventories of land for resale	2,177,462	2,750,386
Other receivables (Note 2)	954,973	1,020,476
Promissory note receivable (Note 3c)	20,000,000	20,000,000
Investments (Note 4)	82,166,371	-
Investment in government business enterprise (Note 3)	152,661,392	152,626,255
	355,900,718	351,865,646
Liabilities		
Short-term construction advances (Note 5)	24,000,000	-
Accounts payable and accrued liabilities	78,249,675	81,127,213
Deferred revenue - general	13,162,953	11,751,951
Deferred revenue - obligatory reserve funds (Note 6)	11,912,767	20,439,997
Post employment benefits liabilities (Note 7)	62,591,634	57,515,787
Landfill closure and post-closure liabilities (Note 8)	13,132,877	13,308,106
Net long-term liabilities (Note 9)	289,988,593	307,836,970
	493,038,499	491,980,024
Net debt	137,137,781	140,114,378
Non-Financial assets		
Tangible capital assets (Note 10)	1,762,672,232	1,684,678,347
Tangible capital assets under construction (Note 10)	152,722,194	174,257,963
Inventories of supplies	1,870,694	1,659,293
Prepaid expenses	422,939	240,918
	1,917,688,059	1,860,836,521
Accumulated surplus (Note 11)	1,780,550,278	1,720,722,143

Approved by:

_____, Director of Finance and Treasurer



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

The Corporation of the City of Barrie Consolidated statement of cash flows year ended December 31, 2018

	2018	2017
	\$	\$
Operating activities		
Annual surplus	59,828,135	122,114,725
Items not involving cash		
Equity earnings of government business enterprise	(7,885,137)	(49,566,717)
Amortization of tangible capital assets	56,167,041	54,277,334
Loss on disposal of tangible capital assets	957,860	1,017,781
Contributed tangible capital assets	(4,279,604)	(24,948,931)
	104,788,295	102,894,192
Changes in non-cash working capital balances		
Taxes receivable	(2,350,471)	(767,760)
Accounts receivable	12,295,560	(15,164,957)
Inventories of land for resale	572,924	957,204
Other receivables	65,503	90,448
Accounts payable and accrued liabilities	(2,877,538)	5,848,608
Deferred revenue - general	1,411,002	(454,523)
Deferred revenue - obligatory reserve funds	(8,527,230)	(14,549,986)
Post-employment benefits liabilities	5,075,847	5,893,862
Landfill closure and post-closure liabilities	(175,229)	7,014,482
Prepaid expenses	(182,021)	119,679
Inventories of supplies	(211,401)	(101,048)
	109,885,241	91,780,201
Capital activities		
Acquisition of tangible capital assets (net of transfers and contributions)	(131,909,451)	(35,788,184)
Transfers (acquisition) of tangible capital assets under construction	21,535,769	(68,110,800)
Proceeds of disposition on tangible capital assets	1,070,269	260,598
	(109,303,413)	(103,638,386)
Investing activities		
Purchase of investments	(82,166,371)	-
Dividends received from Barrie Hydro Holdings Inc.	7,850,000	-
	(74,316,371)	-
Financing activities		
Proceeds from short term construction advances	24,000,000	-
Proceeds from issuance of long-term debt	-	12,703,469
Repayment of net long-term liabilities	(17,848,377)	(15,768,653)
	6,151,623	(3,065,184)
Net change in cash and cash equivalents	(67,582,920)	(14,923,369)
Cash and cash equivalents, beginning of year	106,804,478	121,727,847
Cash and cash equivalents, end of year	39,221,558	106,804,478
Supplementary cash flow information		
Noncash transactions		
Acquisition of assets under capital lease	-	(1,043,853)
Capital lease obligation	-	1,043,853

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

1. Summary of significant accounting policies

Management's responsibility

The consolidated financial statements of the Corporation of The City of Barrie (the "City") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB" or "PS") of the Chartered Professional Accountants of Canada ("CPA Canada").

Reporting entity

Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. These boards and entities include:

Barrie Police Services Board
Barrie Public Library Board
Downtown Barrie Business Improvement Area

All inter-entity transactions and balances have been eliminated.

Modified equity accounting

Barrie Hydro Holdings Inc., a government business enterprise, is accounted for by the modified equity method. Under this method a business enterprise's accounting principles are not adjusted to conform to those of the City and inter-entity transactions and balances are not eliminated. Financial information related to Barrie Hydro Holdings Inc. is summarized in Note 3.

Proportionately consolidated entities

These consolidated financial statements reflect the proportional assets, liabilities, revenues, and expenses of the following entity:

Lake Simcoe Regional Airport Inc.	60% (2017- 60%)
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All proportional inter-entity transactions and balances have been eliminated.

Cash and cash equivalents

Cash consists of balances held at financial institutions and cash equivalents consist of highly liquid financial instruments with maturities of 90 days or less at acquisition.

Inventories

Inventories of land held for resale are valued at the lower of cost and net realizable value. Inventories of supplies are priced at average cost on a first-in, first-out basis.

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

1. Summary of significant accounting policies (continued)

Investments

Investments are recorded at historical cost less any amounts written off to reflect a permanent decline in value. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investment. Accrued interest is included in accounts receivable. Investments consist of authorized investments pursuant to the provisions of the Municipal Act and comprise government and corporate bonds, and guaranteed investment certificates. Investments with original maturity dates greater than 90 days are classified as investments in the consolidated statement of financial position.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including, but not limited to: transportation costs, installation costs, design and engineering fees, legal fees, and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of contribution, with a corresponding amount recorded as revenue when fair value can be reasonably estimated. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year following that in which the asset is available for productive use as follows:

Land improvements	5 to 100 years
Buildings and building improvements	15 to 60 years
Machinery and equipment	5 to 30 years
Fleet	3 to 18 years
Underground and other networks	15 to 100 years
Roads and sidewalks	15 to 100 years

Tangible capital assets under construction

Tangible capital assets under construction are recorded at cost. When construction is completed, the tangible capital assets under construction will be transferred to their relevant tangible capital asset category and amortized based on their classification.

Other receivables

Other receivables include the outstanding principal portions of expenses incurred to benefit land owners and other notes receivable from various organizations. These are reported on the consolidated statement of financial position. The City records allowances for impairment when it is determined that it will be unable to collect all amounts due according to the terms of the underlying agreement. Interest earned in relation to the receivables is recorded as revenue when earned.

Taxation and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established by City Council, incorporating amounts to be raised for local municipal services and service partners. The City is also required to bill and collect education taxes on behalf of the Province of Ontario at rates determined by the Province. The municipal portion of property tax revenue is recognized when the tax is authorized through the passing of a property tax bylaw in the period for which the tax is levied.

The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are earned.

Assessments and related property taxes are subject to appeal. The City evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes a liability if the amount can be reasonably estimated.

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

1. Summary of significant accounting policies (continued)

User fees and other revenues

User fees and other revenues are recognized when earned.

Investment income

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory reserve funds such as development charges, gas tax, and parkland allowances is added to the associated reserve funds and forms part of respective deferred revenue balances.

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.

Pension plan

The City is an employer member of the Ontario Municipal Employee Retirement Fund ("OMERS"), which is a multi-employer, defined benefit pension plan (the "Plan"). The OMERS Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The City uses defined contribution plan accounting principles for this Plan. The City records as pension expense the amount paid to OMERS for the year plus any amounts owing to OMERS at the end of the year.

Non-pension post-employment benefits

The City accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The City has adopted the following valuation methods and assumptions:

Actuarial cost method

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PS 3250 and PS 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of the total estimated future benefit is attributed to each year of service.

Workplace Safety and Insurance (WSIB) obligation

The costs of WSIB obligations are actuarially determined and the cost is recognized immediately in the period the event giving rise to the obligation occurs.

Funding policy

The non-pension post-retirement and post-employment benefits are funded on a pay-as-you-go basis. The City funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide for non-pension retirement and post-employment benefits.

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

1. Summary of significant accounting policies (continued)

Non-pension post-employment benefits (continued)

Accounting policies

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSL"), of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of gain or loss. Obligations are attributed to the period beginning on the date the member became eligible for benefit and ending on the expected date of termination, death, or retirement, depending on the benefit value. The City's fiscal year-end is December 31, and the measurement date of the City's obligation is as at December 31.

Deferred revenue

Obligatory reserve funds

Funds received for specific purposes which are externally restricted by legislation, regulation, or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purposes.

General

User charges and fees which have been collected but for which the related services have yet to be performed are recorded as deferred revenue. These amounts will be recognized as revenues in the fiscal year the services are performed.

Landfill closure and post-closure liabilities

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

Liability for contaminated sites

The City records a liability if it has a contaminated site that meets the requirements set out in the standard "Liability for Contaminated Sites". The standard generally applies to sites that are not in productive use. Sites that are in productive use are considered under the standard if there was an unexpected event that resulted in contamination.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these consolidated financial statements are landfill closure and post-closure liabilities, post-employment benefits liabilities, Provincial Offences Act receivables, allowances for doubtful accounts, the estimated useful lives of tangible capital assets and other accrued liabilities and/or obligations. Actual results could differ from management's best estimates as additional information becomes available in the future.

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

2. Other receivables

Other receivables consist of:

	2018	2017 (Note 19)
	\$	\$
Notes receivable from various organizations. These have various maturity dates, from 2019 to 2021 and are non-interest bearing.	253,679	70,949
Other receivables from benefiting land owners. These have various maturity dates and interest rates ranging from 2020 to 2027 and 0.0% to 5.3% respectively.	701,294	949,527
	954,973	1,020,476

3. Investment in government business enterprise

The following summarizes the financial position and operations of the government business enterprise which has been reported in these consolidated financial statements using the modified equity method:

a. Barrie Hydro Holdings Inc.

As at December 31, 2018, the City holds 100% of the shares of Barrie Hydro Holdings Inc. ("Holdings"). Holdings holds 100% of the shares in Barrie Hydro Energy Services ("Services").

b. Amalgamation of PowerStream Holdings Inc.

On January 31, 2017, PowerStream Holdings Inc. ("PowerStream"), Enersource Holdings Inc., and Horizon Holdings Inc. amalgamated to form Alectra Inc. ("the amalgamation"). As a result, Holdings owns 8.78% of the common shares of Alectra Inc. ("Alectra"). In fiscal 2017, Holdings' investment in PowerStream was accounted for using the equity basis until the amalgamation. As a result of this transaction, the ownership in Alectra by Holdings was remeasured at fair market value of the shares on the date of the amalgamation (January 31, 2017). An after-tax gain of \$50,553,298 was recognized in the 2017 fiscal year.

The following provides condensed combined financial information for Barrie Hydro Holdings Inc.:

	2018	2017
	\$	\$
Financial position		
Current assets	504,372	2,755,386
Other assets	182,102,578	182,102,578
Total assets	182,606,950	184,857,964
Current liabilities	26,640,558	27,951,709
Long-term liabilities	3,305,000	4,280,000
Total liabilities	29,945,558	32,231,709
Total net assets	152,661,392	152,626,255
Results of operations		
Revenues	8,140,599	81,598,080
Expenses	(215,940)	(4,246,508)
Taxes	(39,522)	(27,784,855)
Net income for the year	7,885,137	49,566,717
Equity earnings in government business enterprise	7,885,137	49,566,717

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

3. Investment in government business enterprise (continued)

c. Promissory note receivable

As a result of the amalgamation in Note 3b, the unsecured promissory note receivable from PowerStream is now payable by Alectra. The note as at December 31, 2018 amounted to \$20,000,000 (2017 - \$20,000,000) and bears interest at 4.41% (2017 - 4.41%) and interest is payable on December 31 of each year. The promissory note receivable matures on May 31, 2024. Interest received in the year and included in other income is \$882,000 (2017 - \$901,874).

d. Guarantee of loans payable

On March 20, 2017, Barrie Hydro Holdings Inc. borrowed \$5,000,000 from RBC Royal Bank through a credit facility agreement. The variable interest rate loan is payable over 5 years and is guaranteed by the City of Barrie in accordance with motion 16-G-221. As at December 31, 2018, the amount of the loan outstanding was \$3,305,000 (2017 - \$4,280,000). The principal repayments are as follows:

Principal Repayment	\$
2019	995,000
2020	1,014,000
2021	1,034,000
2022	262,000
	3,305,000

4. Investments

Included in cash and cash equivalents are short-term investments of \$30,067,482 (2017 - \$75,507,958) with a market value of \$30,067,482 (2017 - \$75,507,958).

Investments reported on the consolidated statement of financial position of \$82,166,371 (2017 - \$nil) have a market value of \$82,262,777 (2017 - \$nil).

5. Credit facilities

Operating line of credit

The City has a credit facility agreement with a Canadian chartered bank. Under this agreement, the City has an operating line of credit, to be used to finance day-to-day operations, in the amount of \$25,000,000 (2017 - \$25,000,000), at the bank's stated prime rate less 0.875% per annum and/or the bankers' acceptance rate plus 0.325% stamping fee per annum. The carrying balance of this operating line of credit at year end was \$nil (2017 - \$nil).

Short-term construction advances

The City has an additional credit facility agreement in place with a Canadian chartered bank to finance the construction phase of a specific infrastructure project up to an aggregate amount of \$56,972,819. This facility is available at the bank's stated prime rate minus 1.2% per annum, or at the bankers' acceptance rate plus a stamping fee of 0.35% per annum. This facility is repayable in full on March 31, 2020 or could be converted to a long-term credit facility at the City's discretion. At year end, the City had a \$24,000,000 (2017 - \$nil) draw against this facility via a 90 day Bankers' Acceptance with interest at 2.30% plus 0.35% stamping fee per annum and a maturity date of March 25, 2019.

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

6. Deferred revenue - obligatory reserve funds

The continuity and balances in the obligatory reserve funds of the City are summarized below:

	2018	2017
	\$	\$
Balance, beginning of year	20,439,997	34,989,981
Federal gas tax contributions	8,667,473	8,419,966
Development contributions	35,367,113	24,929,038
Provincial gas tax contributions	2,179,631	2,059,132
Investment income	301,074	413,025
Utilization of funds	(55,042,521)	(50,371,145)
Deferred revenue - obligatory reserve funds, end of year	11,912,767	20,439,997
Analysed as follows:		
Development charges	(8,934,937)	4,705,913
Federal gas tax	9,898,250	9,872,693
Provincial gas tax	475,553	652,845
Cash in lieu of parkland	10,457,531	5,192,497
Federal transit tax	16,370	16,049
Deferred revenue - obligatory reserve funds, end of year	11,912,767	20,439,997

There is legislation and/or actions and communications of the City which restricts how these funds may be used. Cash needed to fund these above noted obligatory reserve funds is \$11,912,767 (2017 - \$20,439,997). Actual cash and cash equivalents on hand was \$39,221,558 (2017 - \$106,804,478) at year end.



The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

7. Post employment benefits liabilities

	2018	2017
	\$	\$
Accumulated post retirement benefits - accrued obligation	45,029,629	43,425,292
Unamortized net actuarial losses	(380,727)	(2,187,645)
Post retirement benefits - accrued benefit liability	44,648,902	41,237,647
Accumulated sick leave benefits - accrued obligation	13,595,844	13,763,723
Unamortized net actuarial losses	(2,368,733)	(2,901,301)
Sick leave benefits - accrued benefit liability	11,227,111	10,862,422
Long-term disability - accrued benefit liability	951,410	540,205
WSIB obligation - accrued benefit liability	5,764,211	4,875,513
	62,591,634	57,515,787

Information about post retirement benefits is as follows:

	2018	2017
	\$	\$
Current year benefit cost	2,707,202	3,204,357
Interest on accrued benefit obligation	1,371,314	1,291,804
Amortization of actuarial losses	418,669	1,055,474
Expense	4,497,185	5,551,635

Information about compensated absences is as follows:

	2018	2017
	\$	\$
Current year benefit cost	2,438,555	1,573,492
Interest on accrued benefit obligation	258,870	211,658
Amortization of actuarial losses	257,018	169,581
Expense	2,954,443	1,954,731

The amount paid during the year was \$1,085,930 (2017 - \$859,598) for post retirement benefits and \$1,560,380 (2017 - \$1,114,066) for compensated absence benefits.

Post retirement benefits

Post retirement life insurance and health care benefits

The City provides life insurance, dental, and health care benefits to certain employee groups after retirement until the members reach 65 years of age and to certain Barrie Police Services Board employee groups after retirement until the members reach 75 years of age. The costs and liabilities related to this plan are based on an extrapolation of an actuarial valuation prepared by an independent actuarial firm. The date of the last actuarial valuation was as of December 31, 2017.

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

7. Post employment benefits liabilities (continued)

Compensated absences benefits

Workplace Safety and Insurance Board

The City is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for financing its workplace safety insurance costs. The accrued obligation represents the actuarial valuation of claims to be insured based on the history of claims with City employees. A workers' compensation reserve is established to help reduce the future impact of these obligations. As at December 31, 2018, the balance in the workers' compensation reserve is \$634,669 (2017 - \$1,619,229).

Sick leave benefits

The City provides paid sick leave that can be carried forward up to a maximum defined by the employee group. The benefit costs and liabilities recorded for this benefit in 2018 are based on an extrapolation of an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2017. A sick leave reserve in the amount of \$2,810,198 (2017 - \$2,810,198) has been established to help reduce the future impact of these obligations.

The accrued benefit obligations for the City's post employment benefits liabilities as at December 31, 2018 are based on an extrapolation of actuarial valuations for accounting purposes as at December 31, 2017. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	2018	2017
	%	%
Expected wage and salary increases	2.5%	2.5%
Discount on accrued benefit obligations	3.3%	3.1%
Health care costs escalation	See (i)	See (i)
Dental costs escalation	See (ii)	See (ii)

(i) 7.75% for 2017-2018 and reducing by 0.25% in each subsequent year to an ultimate rate increase of 4.0%.

(ii) 3.75% for 2017-2018 and reducing by 0.25% in each subsequent year to an ultimate rate increase of 3.0%.

8. Landfill closure and post-closure liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the City's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability at year end was \$13,132,877 (2017 - \$13,308,106) and reflects a discount rate of 3.3% (2017 - 3.1%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The landfill is expected to reach its capacity in 17 years and the estimated remaining capacity is 1,029,767 (2017 - 1,046,303) cubic meters which is 26% (2017 - 27%) of the site's total capacity. The estimated length of time needed for post-closure care is 50 years.

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

9. Net long-term liabilities

The balance of net long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2018	2017
	\$	\$
Long-term debentures, bearing interest at rates ranging from 2.00% to 5.08%, incurred by the City.	284,228,122	301,271,395
Capital lease liabilities, interest at imputed rates of 2.9% and 3.1%.	1,083,839	1,671,036
Barrie transit facility public-private partnership long-term obligation, interest at imputed rate of 2.9%.	4,676,632	4,894,539
	289,988,593	307,836,970

Principal repayments in each of the next five years and thereafter are as follows:

	\$
2019	18,484,759
2020	15,824,538
2021	16,074,944
2022	16,636,247
2023	15,814,007
Thereafter	207,154,098
	289,988,593

The interest expense relating to the above long-term liabilities is \$12,237,043 (2017 - \$12,565,024).

The debentures reported above, issued in the name of the City, have been approved by municipal 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.

The City has a financing agreement in place with Ontario Infrastructure and Lands Corporation ("OILC") whereby OILC provides the financing for the acquisition of tangible capital assets related to specific infrastructure projects.

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

10. Tangible capital assets

Information relating to tangible capital assets is as follows:

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 2018 amounted to \$4,279,604 (2017 - \$24,948,931).

Assets under construction

The amount of tangible capital assets under construction is \$152,722,194 (2017 - \$174,257,963). These items will be transferred to their relevant tangible capital asset categories when construction is completed. Amortization will commence in the year following that in which the asset is available for productive use.

Beneficial interest in Airport Lands

The Corporation of the Township of Oro-Medonte and the Corporation of the County of Simcoe each hold a 20% beneficial interest in the Airport Lands.

Assets under capital lease

Tangible capital assets under capital lease have a net book value of \$1,291,314 (2017 - \$1,884,449).

DRY



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

10. Tangible capital assets (continued)

								2018
	Land	Buildings and building improvements	Machinery and equipment	Fleet	Land improvements	Underground and other networks	Roads and sidewalks	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	313,750,369	347,701,861	435,782,081	52,453,423	203,769,768	604,948,364	426,518,616	2,384,924,482
Additions	18,633,917	5,423,316	9,257,132	11,008,367	14,797,312	40,321,314	36,747,697	136,189,055
Disposals/ transfers	(1,191,610)	(1,283,218)	(1,293,666)	(6,125,793)	(39,707)	(840,591)	-	(10,774,585)
Cost, end of year	331,192,676	351,841,959	443,745,547	57,335,997	218,527,373	644,429,087	463,266,313	2,510,338,952
Accumulated amortization, beginning of year	-	109,822,421	216,774,838	30,117,203	74,474,024	114,063,064	154,994,585	700,246,135
Amortization	-	10,353,512	19,641,313	3,803,821	5,325,789	7,281,897	9,760,709	56,167,041
Disposals/ transfers	-	(1,283,218)	(1,293,666)	(5,885,926)	(39,707)	(243,939)	-	(8,746,456)
Accumulated amortization, end of year	-	118,892,715	235,122,485	28,035,098	79,760,106	121,101,022	164,755,294	747,666,720
Net carrying amount, end of year	331,192,676	232,949,244	208,623,062	29,300,899	138,767,267	523,328,065	298,511,019	1,762,672,232

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

10. Tangible capital assets (continued)

								2017 (Note 19)
	Land	Buildings and building improvements	Machinery and equipment	Fleet	Land improvements	Underground and other networks	Roads and sidewalks	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	294,957,181	344,014,623	426,863,256	51,628,697	199,674,590	596,481,521	419,654,116	2,333,273,984
Additions	19,238,565	4,955,498	12,889,517	5,519,940	4,210,806	8,547,518	6,864,500	62,226,344
Disposals/transfers	(445,377)	(1,268,260)	(3,970,692)	(4,695,214)	(115,628)	(80,675)	-	(10,575,846)
Cost, end of year	313,750,369	347,701,861	435,782,081	52,453,423	203,769,768	604,948,364	426,518,616	2,384,924,482
Accumulated amortization, beginning of year	-	100,082,520	201,641,378	31,346,540	69,375,077	106,919,641	145,455,736	654,820,892
Amortization	-	10,142,731	18,835,845	3,410,513	5,201,227	7,148,169	9,538,849	54,277,334
Disposals/transfers	-	(402,830)	(3,702,385)	(4,639,850)	(102,280)	(4,746)	-	(8,852,091)
Accumulated amortization, end of year	-	109,822,421	216,774,838	30,117,203	74,474,024	114,063,064	154,994,585	700,246,135
Net carrying amount, end of year	313,750,369	237,879,440	219,007,243	22,336,220	129,295,744	490,885,300	271,524,031	1,684,678,347

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

11. Accumulated surplus

The City segregates its accumulated surplus in the following categories:

	2018	2017
	\$	\$
Invested in tangible capital assets	1,915,394,426	1,858,936,310
Unallocated	(62,181,395)	(39,829,672)
Reserves	125,852,662	114,508,204
Equity in government business enterprise	172,661,392	172,626,255
Amounts to be recovered		
Vacation payable liability	(5,463,703)	(6,858,091)
Post employment benefits liabilities	(62,591,634)	(57,515,787)
Landfill closure and post-closure liabilities	(13,132,877)	(13,308,106)
Net long-term liabilities	(289,988,593)	(307,836,970)
	<u>1,780,550,278</u>	<u>1,720,722,143</u>

12. Pension agreement

OMERS provides pension services to almost 500,000 active and retired members and approximately 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, 2018. The results of this valuation disclosed total actuarial liabilities as at that date of \$100,081 million (includes \$1,023 million of Additional Voluntary Contribution (AVC) component) in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million (includes \$1,023 million of AVC component) indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the City does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the City to OMERS for the year were \$12,531,077 (2017 - \$11,963,417).

13. Property taxation information

	2018	2017
	\$	\$
Property taxes and payments-in-lieu	232,648,499	221,742,606
Collections on behalf of governments		
Province of Ontario - school tax	66,651,408	62,422,163
	<u>299,299,907</u>	<u>284,164,769</u>
Transfers		
Province of Ontario - school tax	(66,651,408)	(62,422,163)
Municipal property taxation	<u>232,648,499</u>	<u>221,742,606</u>

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

14. Expense detail

	2018	2017 (Note 19)
	\$	\$
Salaries, wages and employee benefits	166,129,251	159,045,857
Materials	46,453,652	52,768,580
Contracted services	55,045,007	49,157,245
Rents and financial expenses	2,823,932	2,614,676
Transfer payments	25,164,939	26,479,885
Interest on long-term debt	12,237,043	12,565,024
Amortization on tangible capital assets	56,167,041	54,277,334
Loss on disposal of tangible capital assets	957,860	1,017,781
	364,978,725	357,926,382

15. Commitments

(a) Victoria Village Projects:

By motion #05-G-446, the City provided a loan guarantee with the Toronto-Dominion Bank for Victoria Village Projects in the amount of \$16,875,000. The guarantee and amount were required to provide long-term financing for the capital construction costs and financial payment requirements of Victoria Village Projects, a long-term care and supportive housing complex located at 76 Ross Street (site of the old RVH).

(b) Public-private partnership ("P3") commitment:

The City has entered into a multiple-year P3 contract to design, build, finance, operate, and maintain the Barrie Transit Facility. The facility reached substantial completion in 2015. The information presented below shows the annual amounts under this contract for the capital cost, financing of the asset, and operating costs. The actual payments to the private partner are contingent on specified performance criteria and will include an annual inflation factor based on CPI from the preceding September where applicable.

	Capital and Financing	Operating	Total Annual Payments
	\$	\$	\$
Annual service payment:	533,373	16,584,798	17,118,171

(c) By motion #16-G-101, the City committed to contribute a total of \$5,000,000 in funding to Georgian College for the construction of an Advanced Technology, Innovation and Research Centre. The contributions are to be for a four year term commencing October 2017, in four equal annual instalments and being paid no later than December 31, 2020. Total payments made as of December 31, 2018 were \$2,500,000 (2017 - \$1,250,000).

(d) As required by Fisheries and Oceans Canada, the City had a letter of credit issued by Toronto-Dominion Bank in 2016 for \$2,106,400, which was reduced to \$706,400 on April 13, 2017. The letter of credit was mandatory under the Fisheries Act for an application to replace and realign storm water infrastructure.

(e) Miscellaneous:

The City also has numerous contracts, in the normal course of business, with a variety of suppliers for future capital projects that are budgeted in the next fiscal year.

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

16. Contingent liabilities

Legal actions and claims have been instituted against the City. However, after reviewing the merits of these actions and claims with counsel and insurers, it is management's opinion that there will be no significant uninsured liability arising from these claims. Accordingly, no provision has been made in the accounts for any amounts claimed. Any future liability will be recorded if an amount is likely and measurable.

17. Provincial Offences Act ("POA")

The Ontario Ministry of the Attorney General requires all municipal partners administering the Provincial Offences Act to disclose in the year end audited consolidated financial statements a note on the gross and net provincial offences revenues earned. The following table provides condensed financial information required by the terms in the Memorandum of Understanding ("MOU") for the 2018 fiscal year with comparative figures for the year 2017:

	2018	2017
	\$	\$
<u>Barrie POA Office:</u>		
Revenues (net of refunds)	4,771,941	6,622,634
Expenses		
Provincial charges	401,367	392,011
City operating expenses	3,478,340	3,601,568
	<u>3,879,707</u>	<u>3,993,579</u>
Net revenue	892,234	2,629,055
Other		
Participating partners' share	1,249,108	1,774,724
City of Barrie share	<u>(356,874)</u>	<u>854,331</u>
<u>Orillia POA Office:</u>		
Revenues (net of refunds)	2,081,453	1,881,434
Expenses		
Provincial charges	122,739	122,790
City operating expenses	1,110,546	1,069,571
	<u>1,233,285</u>	<u>1,192,361</u>
Net revenue	848,168	689,073
Other		
Participating partners' share	848,168	689,073
City of Barrie share	<u>-</u>	<u>-</u>

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

18. Budget

The City of Barrie prepares its budget on a modified accrual basis. Canadian public sector accounting standards requires actual results be reported on a full accrual basis. The reported budget in these financial statements includes adjustments to capital expenditures, revenues, amortization expenses and post-employment benefits, as identified below:

	2018 Council approved operating budget	2018 Council approved capital budget	2018 Actual amortization adjustment	2018 Post employment benefit liabilities expense	2018 Budget as presented
	\$	\$	\$	\$	\$
Revenue					
Taxation	233,133,988	-	-	-	233,133,988
User fees and service charges	80,851,754	-	-	-	80,851,754
Government transfers and grants	6,604,286	2,644,083	-	-	9,248,369
POA	8,418,456	-	-	-	8,418,456
Licenses and permits	5,871,832	-	-	-	5,871,832
Investment income	1,565,511	-	-	-	1,565,511
Municipal contributions	1,284,640	-	-	-	1,284,640
Utilization of obligatory reserve funds	21,664,991	31,346,294	-	-	53,011,285
Other	16,255,757	10,779,787	-	-	27,035,544
	375,651,215	44,770,164	-	-	420,421,379
Expenses					
General government	39,974,531	-	4,853,368	192,807	45,020,706
Protection services	96,401,292	-	3,010,850	4,463,699	103,875,841
Transportation services	43,446,294	-	16,334,677	101,800	59,882,771
Environmental services	58,177,718	-	25,065,695	158,123	83,401,536
Health services	8,081,949	-	36,617	-	8,118,566
Social and family services	6,321,913	-	-	800	6,322,713
Social housing	7,039,510	-	-	-	7,039,510
Recreation and culture services	35,942,712	-	6,865,834	131,587	42,940,133
Planning and development	4,307,087	-	-	27,033	4,334,120
	299,693,006	-	56,167,041	5,075,849	360,935,896
Budgeted debt repayment	17,110,261	-	-	-	17,110,261
Budgeted interfund transfers	58,847,948	(45,333,795)	-	-	13,514,153
Budgeted capital expenditures	-	95,169,706	-	-	95,169,706
Budgeted debenture funding	-	(5,065,747)	-	-	(5,065,747)
	-	-	-	-	-

The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2018

19. Comparative amounts

Certain 2017 amounts have been regrouped from consolidated financial statements previously presented, to conform with the 2018 presentation. The majority of the changes relate to groupings within the Tangible Capital Asset disclosure in Note 10.

20. Segmented information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, and water. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities that they encompass are as follows:

General government

This item encompasses the revenues and expenses related to administrative departments and activities including Council, the Chief Administrative Officer Division, Finance, Human Resources, Legislative and Court Services, Legal Services, Information and Communications Technology and Corporate Facilities.

Protection services

This section represents Policing activities, Fire and Emergency Services, Building Code administration and enforcement, Municipal By-law enforcement including animal control and Provincial Offences administration including Court Services.

Transportation services

This segment services represent the activities for all roads maintenance and administration including winter control and responses, transit services, sidewalks, traffic signals and systems, parking and street lighting. Additionally, the consolidated results include the proportionate share of revenues and expenses related to a regional airport.

Environmental services

Activities of this segment include the property tax funded aspects of the environmental services, which are garbage collection, disposal, and recycling as well as storm water management and control. User rate funded activities for Water and Wastewater are mandated by the Province to be self funding and are included in this segment.

Health and social services

The expenses grouped in this segment relate primarily to services provided by the County of Simcoe as the Consolidated Service Manager, which includes Ontario Works, Land Ambulance, Social Housing, Homes for the Aged, and Childcare. District Health Unit costs and contributions to the Royal Victoria Regional Health Centre, Cancer Care, and expansion project are also included.

Recreation and cultural services

All recreation facilities, program costs, parks maintenance, and related direct administration revenues and expense are included in this section. Library services are also included as well as costs related to cultural initiatives.

Planning and development

The Planning Department and Economic Development Department activities are represented in this segment, along with revenues and expenses related to the Business Improvement Area in the downtown core.

Other funds and corporations

This segment captures the equity earnings from the City's Government Business Enterprise (Note 3) and contributed tangible capital assets.

The Corporation of the City of Barrie

Notes to the consolidated financial statements
December 31, 2018

20. Segmented information (continued)

									2018
	General government	Protection services	Transportation services	Environmental services	Health and social services	Recreation and cultural services	Planning and development	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Taxation	232,648,499	-	-	-	-	-	-	-	232,648,499
User fees and service charges	307,564	1,416,115	8,741,464	62,259,880	43,181	9,347,938	1,080,455	-	83,196,597
Government transfers and grants	457,771	4,712,386	4,079,122	3,726,392	88,129	431,039	294,866	-	13,789,705
POA	-	6,853,394	-	-	-	-	-	-	6,853,394
Utilization of obligatory reserve funds	2,873,341	1,979,797	18,863,369	27,792,239	1,347,578	2,108,783	77,414	-	55,042,521
Other	7,906,308	4,455,149	3,092,279	2,162,325	24,006	2,636,432	834,904	12,164,741	33,276,144
	<u>244,193,483</u>	<u>19,416,841</u>	<u>34,776,234</u>	<u>95,940,836</u>	<u>1,502,894</u>	<u>14,524,192</u>	<u>2,287,639</u>	<u>12,164,741</u>	<u>424,806,860</u>
Expenses									
Salaries and benefits	22,653,261	87,495,070	11,229,428	18,773,158	118,748	22,364,085	3,495,501	-	166,129,251
Goods and services	17,442,640	10,384,506	33,224,157	26,881,148	142,097	11,788,446	1,635,665	-	101,498,659
Interest	31,110	91,487	1,350,729	10,606,380	-	157,337	-	-	12,237,043
Transfers (external)	-	2,097,276	-	-	21,812,663	1,250,000	5,000	-	25,164,939
Amortization of tangible capital assets	4,853,368	3,010,850	16,334,677	25,065,695	36,617	6,865,834	-	-	56,167,041
Other	999,274	782,142	473,903	1,007,086	-	497,723	21,664	-	3,781,792
	<u>45,979,653</u>	<u>103,861,331</u>	<u>62,612,894</u>	<u>82,333,467</u>	<u>22,110,125</u>	<u>42,923,425</u>	<u>5,157,830</u>	<u>-</u>	<u>364,978,725</u>
Net surplus (deficit)	198,213,830	(84,444,490)	(27,836,660)	13,607,369	(20,607,231)	(28,399,233)	(2,870,191)	12,164,741	59,828,135



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

The Corporation of the City of Barrie Notes to the consolidated financial statements December 31, 2018

20. Segmented information (continued)

										2017
	General government	Protection services	Transportation services	Environmental services	Health and social services	Recreation and cultural Services	Planning and development	Other	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Taxation	221,742,606	-	-	-	-	-	-	-	-	221,742,606
User fees and service charges	316,146	1,591,430	6,642,641	58,664,520	40,651	9,291,827	2,269,168	-	-	78,816,383
Government transfers and grants	466,058	4,179,269	7,241,272	8,446,085	138,079	1,541,288	231,616	-	-	22,243,667
POA	-	8,504,068	-	-	-	-	-	-	-	8,504,068
Utilization of obligatory reserve funds	2,899,754	688,860	13,803,060	28,901,473	1,041,608	3,036,390	-	-	-	50,371,145
Other	6,389,949	6,056,307	5,639,535	1,394,067	44,161	2,574,892	1,748,679	74,515,648	-	98,363,238
	<u>231,814,513</u>	<u>21,019,934</u>	<u>33,326,508</u>	<u>97,406,145</u>	<u>1,264,499</u>	<u>16,444,397</u>	<u>4,249,463</u>	<u>74,515,648</u>	-	<u>480,041,107</u>
Expenses										
Salaries and benefits	20,930,624	85,565,792	10,163,629	17,695,482	125,884	21,414,112	3,150,334	-	-	159,045,857
Goods and services	16,849,631	9,996,991	31,972,118	30,109,695	163,170	11,240,843	1,593,377	-	-	101,925,825
Interest	26,154	108,566	1,531,636	10,649,165	-	249,503	-	-	-	12,565,024
Transfers (external)	-	2,463,798	-	-	22,761,087	1,250,000	5,000	-	-	26,479,885
Amortization of tangible capital assets	3,713,068	2,939,424	16,106,261	24,899,544	35,242	6,583,530	265	-	-	54,277,334
Other	968,798	1,256,326	188,486	638,610	-	558,142	21,895	-	-	3,632,457
	<u>42,488,275</u>	<u>102,330,897</u>	<u>59,962,130</u>	<u>83,992,696</u>	<u>23,085,383</u>	<u>41,296,130</u>	<u>4,770,871</u>	-	-	<u>357,926,382</u>
Net surplus (deficit)	<u>189,326,238</u>	<u>(81,310,963)</u>	<u>(26,635,622)</u>	<u>13,413,449</u>	<u>(21,820,884)</u>	<u>(24,851,733)</u>	<u>(521,408)</u>	<u>74,515,648</u>	-	<u>122,114,725</u>