

Report to Finance Committee

TO: FINANCE COMMITTEE

PREPARED BY AND KEY CONTACT: C. MILLAR, CGA, DEPUTY TREASURER



SUBMITTED BY: D. McKINNON, CGA, DIRECTOR OF FINANCE



GENERAL MANAGER APPROVAL: E. ARCHER, CMA, GENERAL MANAGER OF CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: JON M. BABULIC, CHIEF ADMINISTRATIVE OFFICER



DATE: October 18, 2011

SUBJECT: 2010 AUDITED CONSOLIDATED FINANCIAL STATEMENTS

RECOMMENDED MOTION

1. That the 2010 Audited Consolidated Financial Statements attached as Appendix A be approved.

PURPOSE & BACKGROUND

2. The purpose of this report is to present the 2010 Consolidated Audited Financial Statements ("the financial statements"). The financial statements are a key accountability tool and provide valuable information about the corporation's financial condition in a useful format.
 - a) Consolidated Statement of Financial Position
 - b) Consolidated Statement of Operations and Accumulated Surplus
 - c) Consolidated Statement of Change in Net Financial Assets (Debt)
 - d) Consolidated Statement of Cash Flows
 - e) Notes to the 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 BDO Canada LLP, as required by section 296.(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25. This report provides highlights of the 2010 financial statements. The statements are provided in Appendix "A".

3. The consolidated financial statements provide Council, the public, the City's 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. Staff are responsible for preparing the statements; BDO'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.

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Consolidated Financial Statements

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

TABLE 1: Consolidated Financial Statements

Name	Purpose	Recent PSAB Reporting Standard Changes
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 and Reserve Funds are reported as part of "Accumulated Surplus"
Consolidated Statement of Operations and Accumulated Surplus	Summarizes revenues, expenses for the year and accumulated surplus at year end. This statement reflects the combined operations of the operating, capital (revenue portion only), reserve 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 charge – capital spending is not shown as expenditures Only reflects interest payments on debt (debt principal repayments reflected in balances shown on Statement of Financial Position) Developer accelerated assets reflected as revenue; debenture financing reflected as revenue prior to 2009 but now shown on Stmt of Financial Position
Consolidated Statement of Change in Net Financial Assets (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 is a newer statement unique to governments which assists users in understanding whether enough net revenue was generated during the year to cover capital and other non-financial assets
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 transactions	<ul style="list-style-type: none"> No change

5. The consolidated 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 include:

- Allendale Community Development Corporation
- Barrie Police Services Board
- Barrie Public Library Board
- Downtown Barrie Business Improvement Area
- The Corporation of the City of Barrie – Sinking Fund
- Barrie Hydro holdings Inc.
- Lake Simcoe Regional Airport Commission

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ANALYSIS

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
 - e. Cash flows

Consolidated Statement of Financial Position

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 spending that exceeds revenues raised. As shown, the City of Barrie's net debt position increased in 2010 by \$57.5 million to a total of \$172.2 million. This is generally attributable to a reliance on debt financing for tangible capital asset acquisitions but was partially offset by an increase in the City's investment in Powers Stream through Barrie Hydro Holdings Inc.
9. 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.
10. The City of Barrie has an accumulated surplus that grew by \$69.4M in 2010. This is attributable to an increase in the number and value of tangible capital assets, \$27M of which arose out of Bill 196, Barrie-Innisfil Boundary Adjustment Act, 2009, \$7.9M from developer assumed assets and the balance primarily relates to funding of capital projects currently underway. Although tangible capital assets are a considerable share of accumulated surplus, they do not provide liquidity and are not typically available for sale. So, although the existence of a growing accumulated surplus balance is positive, it is tempered by the existence of net debt.
11. Reporting accumulated surplus was a new and positive change for municipal financial reporting effective in 2009. Historically, the emphasis on net debt facilitated a short term perspective about the implications of investing and financing decisions. By reporting accumulated surplus, there is a more complete picture of the corporation's financial position that makes it easier to understand the importance of maintaining sufficient reserve balances, prudently using debt and protecting the investment in tangible capital assets with asset management plans and sufficient expenditures on asset maintenance.

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 Statement of Income and Retained Earnings. It shows whether revenues raised in the year were sufficient to cover costs. Supplementary information included with the financial statements reconciles the consolidated operating surplus with the budget surplus reported to Council in Report FIN012-11.
13. It is important to note that a surplus does not indicate that there are "profits" or extra cash to spend. A surplus indicates whether a government maintained its net assets in the reporting

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period. However, judgments 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.

14. To illustrate, although net long term liabilities increased by \$66M, the City of Barrie invested in \$138M of new tangible capital assets (excludes annexed assets) and also incurred \$37M of amortization expense which represents the annual cost of using existing assets to deliver programs and services.

Consolidated Statement of Change in Net Financial Assets (Debt)

15. The Consolidated Statement of Change in Net Financial Assets (Debt) describes the reasons for the annual change in net assets (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.
16. The City of Barrie's 2010 increase in net debt is almost entirely the result of investments in tangible capital assets. Actual tangible capital asset spending levels exceeded planned results, generally as a result of carryover of budgeted dollars from previous years.

Consolidated Statement of Cash Flows

17. The Consolidated Statement of Cash Flows describes how activities were financed during the reporting period and the effect of activities on cash balances. As the statement shows, the most significant use and source of cash respectively were the investment in tangible capital assets and the issuance of long term debt to finance that investment.
18. The Consolidated Statement of Cash Flows helps inform judgments about whether future cash resources are sufficient for sustaining the corporation's activities. Such judgments 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

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

ALTERNATIVES

20. There are no alternatives for consideration by General Committee as this report is a Provincial reporting requirement.

FINANCIAL

21. There are no direct financial implications from the recommendations in this report. Indirectly, however, the PSAB standards that are reflected in these financial statements continue to emphasize the significance of incorporating amortization, post-employment and landfill liabilities into the corporation's budget through adequate reserve transfers, and improving its financial condition.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

22. This report is directly linked to Council's strategic priority to strengthen Barrie's financial condition through the ability of the financial statements to indicate the balance of the cost of service demands with financial resources.

Report to Finance Committee

Appendix "A"

**The Corporation of the
City of Barrie
Consolidated Financial Statements
For the year ended December 31, 2010**

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**The Corporation of
the City of Barrie**
Consolidated Financial Statements
For the year ended December 31, 2010

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Independent Auditor's Report

**To the Mayor and Councillors of
The Corporation of the City of Barrie**

We have audited the accompanying consolidated financial statements of The Corporation of the City of Barrie, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and accumulated surplus, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Barrie as at December 31, 2010 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

**Barrie, Ontario
DATE**

The Corporation of the City of Barrie
Consolidated Statement of Financial Position

December 31

2010

2009

Restated
(See Note 1)

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Financial assets

Cash and cash equivalents (Note 2)	46,028,852	42,832,306
Taxes receivable	18,173,282	17,568,719
Accounts receivable	18,505,502	9,744,072
Inventories of land for resale	4,565,786	4,684,712
Long-term receivables (Note 4)	5,009,892	5,398,641
Investment in government business partnership (Note 6)	81,545,732	76,110,060
	173,829,046	156,338,510

Liabilities

Short-term construction advances (Note 3)	50,000,000	50,000,000
Accounts payable and accrued liabilities	77,906,421	71,619,467
Deferred revenue - general	8,114,506	7,421,929
Deferred revenue - obligatory reserve funds (Note 8)	54,115,445	55,160,028
Employee benefits plan liability (Note 9)	23,358,485	22,176,095
Landfill closure and post-closure liabilities (Note 10)	18,502,543	16,769,644
Net long-term liabilities and sinking fund debenture retirement (Note 11)	114,021,576	47,912,018
	346,018,976	271,059,181

Net debt

(172,189,930) (114,720,671)

Non-financial assets

Tangible capital assets (Note 12)	1,277,076,095	1,190,595,228
Tangible capital assets under construction (Note 12)	315,137,761	275,299,035
Inventories of supplies	1,559,304	1,046,319
Prepaid expenses	140,865	121,426
	1,593,914,025	1,467,062,008

Accumulated surplus (Note 13)

\$1,421,724,095 \$1,352,341,337

Commitments (Note 17) and Contingent liabilities (Note 18)

Mayor

Chief Administrative Officer

The Corporation of the City of Barrie
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2010	2010	2009
	(Note 21)		Restated (See Note 1)
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Revenue			
Property taxation (Note 15)	\$ 161,446,393	\$ 160,200,707	\$ 152,637,959
User fees and service charges	52,922,708	52,477,830	48,431,877
Government transfers and grants	2,519,232	19,262,707	10,435,242
Provincial Offences Act (Note 20)	7,326,355	7,624,289	7,411,816
Licences, permit fees	3,410,156	4,455,672	3,370,665
Investment income	1,834,000	2,171,900	2,090,299
Other	7,570,932	15,429,665	10,420,433
Annexed assets (Note 5)	-	26,998,289	-
Equity earnings of government business partnership (Note 6)	-	5,435,677	4,424,723
Municipal contributions	497,316	577,809	645,911
Utilization of obligatory reserve funds (Note 8)	18,562,160	26,999,336	28,987,419
	256,089,252	321,633,881	268,856,344
Expenses			
General government	27,999,862	28,761,380	26,909,597
Protection services	72,559,007	72,772,910	66,082,824
Transportation services	44,534,783	44,597,228	42,514,559
Environmental services	49,237,030	47,828,739	44,455,292
Health services	16,613,275	3,650,399	13,323,579
Social and family services	15,165,343	14,343,262	15,354,496
Social housing	4,941,000	4,617,029	4,280,361
Recreation and cultural services	32,608,147	32,423,023	30,250,114
Planning and development	4,934,734	3,257,153	2,804,351
	268,593,181	252,251,123	245,975,173
Annual surplus (deficit)	(12,503,929)	69,382,758	22,881,171
Accumulated surplus, beginning of year, as previously stated	1,356,148,819	1,352,341,337	1,333,932,363
Prior period adjustment (Note 1)	-	-	(9,357,212)
Accumulated surplus, beginning of year, as restated	1,356,148,819	1,352,341,337	1,324,575,151
Adjustment due to amalgamation (Note 7)	-	-	4,885,015
Accumulated surplus, end of year	\$1,343,644,890	\$1,421,724,095	\$ 1,352,341,337

The Corporation of the City of Barrie
Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended December 31	Budget 2010	2010	2009
<i>DRAFT</i>	(Note 21)		Restated (See Note 1)
Annual surplus (deficit)	\$ (12,503,929)	\$ 69,382,758	\$ 22,881,171
Acquisition of tangible capital assets	(90,689,150)	(125,271,816)	(67,477,042)
Amortization of tangible capital assets	37,251,978	37,260,838	34,835,066
Loss on disposal of tangible capital assets	-	1,530,111	1,196,473
Acquisition of tangible capital assets under construction	-	(39,838,726)	(123,245,012)
Adjustment for prior period	-	-	(1,548,659)
	<u>(65,941,101)</u>	<u>(56,936,835)</u>	<u>(133,358,003)</u>
Increase in inventory of supplies	-	(512,985)	(9,940)
Increase in prepaid expenses	-	(19,439)	(74,898)
	-	<u>(532,424)</u>	<u>(84,838)</u>
Net change in net financial debt	(65,941,101)	(57,469,259)	(133,442,841)
Net financial assets (debt), beginning of year	(114,720,671)	(114,720,671)	13,837,155
Adjustment due to amalgamation (Note 7)	-	-	4,885,015
Net debt, end of year	<u>\$(180,661,772)</u>	<u>\$(172,189,930)</u>	<u>\$ (114,720,671)</u>

The Corporation of the City of Barrie
Consolidated Statement of Cash Flows

For the year ended December 31

2010

2009

DRAFT

Restated
(See Note 1)

Operating transactions

Annual surplus	\$ 69,382,758	\$ 22,881,171
Items not involving cash		
Equity earnings of government business partnership	(5,435,677)	(4,424,723)
Amortization of tangible capital assets	37,260,838	34,835,066
Loss on disposal of tangible capital assets	1,530,111	1,196,473
Adjustment for prior period construction in progress	-	(1,548,659)
Changes in non-cash operating balances		
Increase in taxes receivable	(604,563)	(1,752,693)
Decrease (increase) in accounts receivable	(8,761,430)	1,023,978
Decrease (increase) in inventories of land for resale	118,926	(577,736)
Decrease in long-term receivables	388,749	381,001
Increase in accounts payable	6,286,954	10,811,974
Increase (decrease) in deferred revenue - general	692,577	(387,513)
Decrease in deferred revenue - obligatory reserve funds	(1,044,583)	(13,739,190)
Increase in employee benefits plan liability	1,182,390	2,945,791
Increase in landfill closure and post-closure liabilities	1,732,899	8,802,086
Increase in prepaid expenses	(19,439)	(74,897)
Increase in inventories of supplies	(512,985)	(9,940)
	<u>102,197,525</u>	<u>60,362,189</u>

Capital transactions

Acquisition of tangible capital assets	(125,271,816)	(67,477,042)
Acquisition of tangible capital assets under construction	(39,838,726)	(123,245,012)
	<u>(165,110,542)</u>	<u>(190,722,054)</u>

Investing transactions

Cash dividend received from government business partnership	-	15,387,469
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Financing transactions

Increase in short-term construction advances	-	50,000,000
Proceeds from issuance of long-term debt	75,000,000	34,633,018
Repayment of net long-term liabilities and sinking fund debenture retirement	(8,890,437)	(1,520,000)
	<u>66,109,563</u>	<u>83,113,018</u>

Net change in cash and cash equivalents	3,196,546	(31,859,378)
Cash and cash equivalents, beginning of year	<u>42,832,306</u>	<u>74,691,684</u>
Cash and cash equivalents, end of year	<u>\$ 46,028,852</u>	<u>\$ 42,832,306</u>

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The Corporation of the City of Barrie Summary of Significant Accounting Policies

December 31, 2010

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) of the Canadian Institute of Chartered Accountants.

Reporting Entity

i) 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:

Allandale Community Development Corporation
Barrie Police Services Board
Barrie Public Library Board
Downtown Barrie Business Improvement Area
The Corporation of the City of Barrie - Sinking Fund

All inter-entity transactions and balances have been eliminated.

ii) Modified equity accounting:

Government business partnerships are accounted for by the modified equity method. Under this method the business partnerships' accounting principles are not adjusted to conform with those of the City and inter-entity transactions and balances are not eliminated. The government business partnership included during the year and summarized in Note 6 is:

Barrie Hydro Holdings Inc.

iii) Proportionately consolidated entities:

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

Lake Simcoe Regional Airport Commission 80%

All proportional inter-entity transactions and balances have been eliminated.

Cash and Cash Equivalents

Cash consists of balances held at financial institutions and all cash equivalents consist of highly liquid financial instruments with maturity of three months or less at acquisition.

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The Corporation of the City of Barrie Summary of Significant Accounting Policies

December 31, 2010

Inventories Inventories of land held for resale is valued at the lower of cost and net realizable value.

Inventory of goods and supplies are priced at average cost on a first-in, first-out basis.

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 the donation, 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:

Buildings	15 to 60 years
Machinery and equipment	5 to 30 years
Fleet	3 to 18 years
Other	3 to 20 years
Plant and facilities	5 to 60 years
Underground and other networks	15 to 100 years
Bridges	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 tangible capital assets and amortized based on its classification.

Long-term Receivables Long-term receivables include the outstanding principal portion of expenses incurred to benefit land owners and other various organizations. These are reported on the statement of financial position. Interest earned in relation to the receivables are recorded as revenue when received.

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The Corporation of the City of Barrie Summary of Significant Accounting Policies

December 31, 2010

Taxation & 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 services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. The legislation limits assessment-related increases in property tax bills to a minimum of 5 per cent annually for commercial, industrial and multi-residential classes of property until the affected properties are taxed at a level equivalent to the tax otherwise calculated based on their current value assessment. A normal part of the assessment process is the issue of supplementary rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time the taxes are levied. Assessments and related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. 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.

User Fees & Other Revenues

User fees and other revenues are reported on an accrual basis.

Investment Income

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

Development Charges

Subdivider contributions and fees for services are recognized over the period of service or when required expenses occur if applicable.

Government Grants

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Transfer Payments

Transfer payments, which include legislative grants, are recognized in the consolidated financial statements in the period in which the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be determined.

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The Corporation of the City of Barrie

Summary of Significant Accounting Policies

December 31, 2010

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 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 during the year plus any amounts owing to OMERS for the year ended.

Non-pension Post Retirement Benefits, Compensated Absences & Termination 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:

- a) **Actuarial cost method:**
Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 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 total estimated future benefit is attributed to each year of service.
- b) **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 the non-pension retirement and post employment benefits.
- c) **Accounting policies:**
Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ('EARSLS') (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire 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 such.

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The Corporation of the City of Barrie
Summary of Significant Accounting Policies

December 31, 2010

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 purpose.

General

Funds received from residents and contractors in security for the completion of specified development projects 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 purpose.

Solid Waste Landfills

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.

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 solid waste landfill closure and post-closure liabilities, employee benefits liability, 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.

DRAFT**The Corporation of the City of Barrie**
Notes to Consolidated Financial Statements**December 31, 2010**

1. Restatement of Prior Period

During the year, it was discovered that capital assets under construction was overstated as at December 31, 2008 and 2009.

Prior period adjustments have been recorded. The impact of the above noted prior period adjustments were as follows:

	<u>2009</u>
<u>Statement of Financial Position</u>	
Decrease in 2009 opening accumulated surplus	<u>\$ (9,357,212)</u>
<u>2009 Statement of Operations</u>	
Increase (decrease) in expenses	
General government	\$ 56,122
Transportation services	(461,265)
Environmental services	(1,131,316)
Recreational and cultural services	<u>(12,200)</u>
Total decrease in expenses	<u>(1,548,659)</u>
Increase in 2009 annual surplus	<u>\$ 1,548,659</u>
Decrease in 2009 closing accumulated surplus	<u>\$ (7,808,553)</u>
Decrease in 2009 tangible capital assets under construction	<u>\$ (7,808,553)</u>

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

2. Cash and Cash Equivalents

The City's bank accounts are held at a chartered bank. The bank accounts earn interest at a variable rate calculated on the daily balances.

The City has a credit facility agreement with the bank. Under this agreement the City has an operating line of credit, to be used to finance the day-to-day operations, in the amount of \$25,000,000 at an interest rate of the bank's stated prime rate. The carrying balance of this operating line of credit at year end was \$NIL, (2009 - \$NIL).

3. Short-term Advances

The City has a financing agreement in place with Ontario Infrastructure Projects Corporation ('OIPC') whereby OIPC made financing available up to a maximum of \$266,000,000 for the acquisition of tangible capital assets related to specific infrastructure projects.

Each advance shall be due and payable in full on the earlier of the facility termination date (defined as the earlier of June 9, 2014 and the date on which the obligations of OIPC have been terminated) or the debenture purchase date for the project(s) for which the advance was made. The advance will be repaid by a) using immediately available funds; b) converting the advance into long term financing by issuing to OIPC one or more debentures in a principal amount at least equal to the advance to be repaid; or c) any combination of (a) and (b).

Interest is calculated at a floating rate per annum based on OIPC's cost of funds plus their prevailing spread assigned to the borrower section for the program delivery costs and risks.

During the year, the City utilized \$125,000,000 (2009 - \$84,633,018) of construction advances with \$75,000,000 (2009 - \$34,633,018) converted to debentures during the year resulting in \$50,000,000 (2009 - \$50,000,000) left in short-term advances at year end.

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

4. Long-term Receivables

Long-term receivables consist of:

	<u>2010</u>	<u>2009</u>
Loan receivable from MacLaren Art Centre, this loan is non-interest bearing and is the result of a Court approved re-organization plan based on City of Barrie loan balance as at March 16, 2006. The re-organization plan runs until December 16, 2016. The loan is secured by a general security agreement.	\$ 3,941,141	\$ 3,941,141
Other notes receivable from various organizations. These have various maturity dates, from 2014 to 2029 and are non-interest bearing.	788,034	904,652
Long-term receivables from benefiting land owners, which have various maturity dates and interest rates ranging from 2008 to 2014 and 5.5% to 6.4% respectively.	<u>280,717</u>	<u>552,848</u>
	<u>\$ 5,009,892</u>	<u>\$ 5,398,641</u>

5. Annexed Assets

On December 15, 2009, Bill 196, Barrie-Innisfil Boundary Adjustment Act, 2009 received Royal Assent. This act adjusted the geographical boundary between the City of Barrie and the Town of Innisfil effective January 1, 2010. As a result of this annexation, tangible capital assets including land, roads and sidewalks with a fair market value of \$26,998,289 were assumed by the City of Barrie.

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The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2010

6. Investment in Government Business Partnership

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

a. Barrie Hydro Holdings Inc.

The City holds 100% of the shares of Barrie Hydro Holdings Inc. ('Holdings'). Holdings holds 100% of the shares in Barrie Hydro Energy Services Inc. ('Services'), which provides hot water tank rentals to residents, and 20.5% of the shares of PowerStream Inc ('PowerStream'), which provides hydro electricity to residents. The following provides condensed combined financial information for Barrie Hydro Holdings Inc.

	2010	2009
Financial position		
Current assets	\$ 38,315,914	\$ 44,022,825
Capital assets	138,789,131	129,424,501
Other assets	21,419,975	22,991,665
Total assets	198,525,020	196,438,991
Current liabilities	35,897,273	35,997,666
Regulatory liabilities	14,004,370	18,683,700
Long-term liabilities	87,077,645	85,647,565
Total liabilities	136,979,288	140,328,931
Total net assets	\$ 61,545,732	\$ 56,110,060
Results of operations		
Revenues	\$ 175,967,657	\$ 159,894,561
Operating expenses	(168,342,681)	(153,717,043)
Taxes	(2,189,299)	(1,752,795)
Net income for the year	\$ 5,435,677	\$ 4,424,723

b. Promissory Note Receivable

An unsecured promissory note receivable from PowerStream Inc. as at December 31, 2010 amounted to \$20,000,000 (2009 - \$20,000,000) bearing interest at 5.58% (2009 - 6.5%) and 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 \$1,116,000 (2009 - \$1,300,000).

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Notes to Consolidated Financial Statements**December 31, 2010**

6. Investment in Government Business Partnership (continued)**c. Investment in Government Business Partnership****Barrie Hydro Holdings Inc.**

	<u>2010</u>	<u>2009</u>
Investment and dividend receivable	\$ 61,545,732	\$ 56,110,060
Promissory note receivable	<u>20,000,000</u>	<u>20,000,000</u>
	<u>\$ 81,545,732</u>	<u>\$ 76,110,060</u>

d. Related Party Transactions

	<u>2010</u>	<u>2009</u>
Net balance receivable from PowerStream Inc.	<u>\$ 1,721,000</u>	<u>\$ 1,575,000</u>

Realty taxes received from PowerStream Inc. is \$299,000 (2009 - \$303,000) for the year.

Energy and distribution services purchased from PowerStream Inc. is \$5,509,000 (2009 - \$3,726,000) for the year.

Shared services purchased from PowerStream Inc. is \$1,000,000 (2009 - \$1,620,000) for the year.

Dividend income from Barrie Hydro Holdings Inc. is \$NIL (2009 - \$15,387,469).

The amounts due from related parties are unsecured, non-interest bearing with no fixed terms of repayment.

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

7. Amalgamation of Barrie Hydro Distribution Inc. and PowerStream Inc.

On January 1, 2009, The Corporation of the City of Barrie, through its wholly owned subsidiary Barrie Hydro Holdings Inc.; The City of Vaughan, through its wholly owned subsidiary Vaughan Holding Inc.; The Town of Markham, through its wholly owned subsidiary Markham Enterprises Corporation; agreed to amalgamate Barrie Hydro Distribution Inc. and PowerStream Inc. and continue as a corporation amalgamated under the laws of Ontario. The amalgamated corporation retains the PowerStream Inc. corporate name. The amalgamated corporation issued common shares to Vaughan Holdings Inc., Markham Enterprises Corporation and Barrie Hydro Holdings Inc. in exchange for each company's issued and outstanding shares in the Corporation.

The number of shares issued to each shareholder are as follows:

	<u>Number of Shares</u>
Vaughan Holdings Inc.	45,315
Markham Enterprises Corporation	34,185
Barrie Hydro Holdings Inc.	20,500

As part of the amalgamation, Barrie Hydro Holdings Inc. received a special payment of \$4,885,015 in 2009 as the final closing adjustment for the amalgamation of Barrie Hydro Distribution Inc. and PowerStream Inc.

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements**December 31, 2010**

8. Deferred Revenue - Obligatory Reserve Funds

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

	2010	2009
Balance, beginning of year	\$ 55,160,028	\$ 68,899,218
Federal gas tax contributions	7,900,800	6,739,726
Development contributions	15,217,141	6,073,615
Provincial gas tax contributions	2,524,147	1,997,729
Investment income	312,665	437,159
Utilization of funds	(26,999,336)	(28,987,419)
Deferred Revenue - Obligatory Funds, end of year	\$ 54,115,445	\$ 55,160,028
Analysed as follows:		
Development charges	\$ 42,349,090	\$ 43,197,001
Federal gas tax	4,115,524	5,977,291
Provincial gas tax	4,965,596	3,660,543
Cash in lieu of parkland	2,670,291	2,325,193
Federal transit tax	14,944	-
Deferred Revenue - Obligatory Funds, end of year	\$ 54,115,445	\$ 55,160,028

There is provincial and municipal legislation which restricts how these funds may be used. Cash needed to fund these reserves is \$54,115,445 (2009 - \$55,160,028) with respect to the above obligatory reserve funds. Actual cash and cash equivalents on hand was \$46,028,852 (2009 - \$42,832,306) at year end. The reserve funds will be replenished once the expenses associated with the significant tangible capital asset projects are debentured.

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

9. Employee Benefits Plan Liability

	<u>2010</u>	<u>2009</u>
Accumulated post retirement benefits - accrued obligation	\$ 10,875,865	\$ 9,456,140
Unamortized net actuarial loss	<u>(1,012,532)</u>	<u>(488,629)</u>
Post retirement benefits - accrued benefit liability	<u>9,863,333</u>	<u>8,967,511</u>
Accumulated sick leave benefits - accrued obligation	3,994,774	3,492,519
Unamortized net actuarial loss	<u>(149,961)</u>	<u>-</u>
Sick Leave benefits - accrued benefit liability	<u>3,844,813</u>	<u>3,492,519</u>
Accumulated WSIB claims - accrued obligation	3,826,500	2,841,400
Unamortized net actuarial loss	<u>(296,200)</u>	<u>-</u>
WSIB claims - accrued benefit liability	<u>3,530,300</u>	<u>2,841,400</u>
Vacation and lieu time payable	<u>6,120,039</u>	<u>6,874,665</u>
	<u>\$ 23,358,485</u>	<u>\$ 22,176,095</u>

Information about post retirement benefits is as follows:

Current year benefit cost	\$ 546,000	\$ 518,765
Interest on accrued benefit obligation	519,798	476,734
Amortization of actuarial loss	<u>32,484</u>	<u>32,484</u>
Expense	<u>\$ 1,098,282</u>	<u>\$ 1,027,983</u>

Information about compensated absences is as follows:

Current year benefit cost	\$ 1,424,809	\$ 2,440,328
Interest on accrued benefit obligation	<u>361,615</u>	<u>315,931</u>
Expense	<u>\$ 1,786,424</u>	<u>\$ 2,756,259</u>

The amount of benefits paid during the year were \$202,460 (2009 - \$202,470) for post retirement benefits and \$1,499,857 (2009 - \$635,960) for compensated absence benefits.

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

9. Employee Benefits Plan Liability (continued)

Retirement Benefits

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. The benefit costs and liabilities related to this plan are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2008.

Post-employment Benefits, Compensated Absences and Termination Benefits

Workplace Safety and Insurance Board

The City assumes responsibility for the payment of all claims to its injured workers under the the Workplace Safety Act. The benefit costs and liabilities recorded are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2008.

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 2010 are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2008.

The accrued benefit obligations for the City's employee future benefit plans as at December 31, 2010 are based on actuarial valuations for accounting purposes as at December 31, 2010. 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:

	<u>2010</u>	<u>2009</u>
Expected future inflation rates	5.25%	5.25%
Expected wage and salary increases	3.5%	3.5%
Discount on accrued benefit obligations	4.75%	5.25%
Health care cost escalation	5% to 10%	5% to 10%
Dental costs escalation	3.5% to 4.5%	3.5% to 4.5%

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**The Corporation of the City of Barrie
Notes to Consolidated Financial Statements**

December 31, 2010

10. 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 as at year end was \$18,502,543 (2009 - \$16,769,644) and reflects a discount rate of 4.6% (2009 - 4.8%).

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 13 years and the estimated remaining capacity is 236,700 (2009 - 310,000) cubic metres which is 6% (2009 - 8%) of the site's total capacity. The total estimated future expenses for closure and post-closure care are \$19,690,042 (2009 - \$18,205,922) leaving an amount to be recognized of \$1,187,499 (2009 - \$1,436,278) when the landfill reaches full capacity. The estimated length of time needed for post-closure care is 50 years.

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

11. Net Long-term Liabilities and Sinking Fund Debenture Retirement

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

	<u>2010</u>	<u>2009</u>
Total long-term liabilities, bearing interest at rates ranging from 4.29% to 5.5%, incurred by the City	\$114,021,576	\$ 46,481,018
Total sinking fund debenture retirement	-	1,431,000
	<u>\$114,021,576</u>	<u>\$ 47,912,018</u>

The aggregate maturities of the net long term liabilities are as follows:

	<u>Principal Repayments</u>
2011	\$ 6,760,756
2012	7,086,817
2013	7,430,791
2014	7,793,197
2015	5,905,577
Thereafter	79,044,438
	<u>\$114,021,576</u>

The gross interest paid relating to the above long-term debt was \$4,471,880 (2009 - \$1,401,076).

The long-term liabilities 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.

As of October 2010 all sinking fund debenture requirements have been retired and as such the sinking fund liability at the end of 2010 was \$NIL.

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The amount of tangible capital assets under construction is \$315,137,761 (2009 - \$275,299,035). 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.

Interest was capitalized to tangible capital assets during the year in the amount of \$Nil (2009 - \$1,432,925).

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

13. Accumulated Surplus

The City segregates its accumulated surplus in the following categories:

	<u>2010</u>	<u>2009</u>
		Restated (see Note 1)
Investment in tangible capital assets	\$ 1,592,213,856	\$ 1,465,894,263
Revenue fund	(243,043,205)	(225,565,550)
Reserve funds	146,890,316	120,061,273
Equity in government business partnership	81,545,732	76,110,060
Amounts to be recovered		
Post employment benefits and other liabilities	(23,358,485)	(21,460,895)
Landfill closure and post-closure liabilities	(18,502,543)	(16,769,644)
Municipal debt	(114,021,576)	(45,928,170)
	<u>\$ 1,421,724,095</u>	<u>\$ 1,352,341,337</u>

14. Pension Agreement

OMERS provides pension services to more than 409,746 active and retired members and approximately 931 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension (the Plan) by comparing the actuarial value of 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 at December 31, 2010. The results of this valuation disclosed total actuarial liabilities of \$60,035 million in respect of benefits accrued for service with actuarial assets at that date of \$55,568 million indicating an actuarial deficit of \$4,467 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 2010 were \$6,399,998 (2009 - \$5,800,843).

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

15. Property Taxation

	<u>2010</u>	<u>2009</u>
Property taxes and payments-in-lieu	\$ 160,200,707	\$ 152,637,959
Collections for other governments		
Province of Ontario - school tax	<u>59,628,568</u>	<u>58,629,105</u>
	219,829,275	211,267,064
Transfers		
Province of Ontario - school tax	<u>(59,628,568)</u>	<u>(58,629,105)</u>
Available for general municipal purposes	<u>\$160,200,707</u>	<u>\$ 152,637,959</u>

16. Expenses by Object

	<u>2010</u>	<u>2009</u>
Salaries, wages and employee benefits	\$ 106,602,842	\$ 97,515,656
Materials	38,090,830	39,688,497
Contracted services	36,629,154	33,877,158
Rents and financial expenses	2,402,739	1,541,251
Transfer payments	25,238,180	35,919,995
Interest on long-term debt	4,505,289	1,401,077
Amortization	37,251,978	34,835,066
Loss on disposal of tangible capital assets	<u>1,530,111</u>	<u>1,196,473</u>
	<u>\$ 252,251,123</u>	<u>\$ 245,975,173</u>

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

17. Commitments

By Motion #05-A-431, the City of Barrie committed to contribute a total of \$52,500,000 in funding to the Royal Victoria Hospital (RVH) for the construction of a Cancer Care Centre. The construction of the Cancer Care Centre and Phase I commenced in 2008. The contributions are for a 5 year term commencing December 2009 and being paid no later than June 30 and December 31. Installments are not required to be paid until all conditions have been fulfilled to the City's satisfaction and if the cost of the expansion is less than \$415 million then the amount of the contribution will be reduced. Total payments made as of December 31, 2010 were \$4,528,253 (2009 - \$NIL).

By Motion #05-G-446 the City of Barrie provided a loan guarantee with the Toronto-Dominion Bank for Victoria Village Projects in the amount of \$19,300,000 for a term ending September 30, 2015, with an option to be released after four years. 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).

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

18. Contingent Liabilities

Legal actions and claims amounting to approximately \$29,781,457 plus other claims in which no amount has yet been determined, have been instituted against the City. However, after reviewing the merits of these actions and claims with counsel and the 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 amount claimed.

19. Funds Held in Trust

At the year end, the City held \$949 (2009 - \$949) in trust for the Ontario Home Renewal Program. These funds are not included in these consolidated financial statements.

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Notes to Consolidated Financial Statements**December 31, 2010****20. Provincial Offences Administration (POA)**

The Ministry of the Attorney General requires all municipal partners administering Provincial Offences Administration 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 its 2010 fiscal year with comparative figures for the year 2009:

	2010	2009
Barrie POA Office:		
Revenues (net of refunds)	\$ 6,015,234	\$ 5,915,942
Expenses		
Provincial charges	380,746	342,297
City operating expenses	2,696,272	2,069,549
Total Expenses	3,077,018	2,411,846
Net Revenue	2,938,216	3,504,096
Other		
Participating partners share	2,003,121	2,203,056
City of Barrie's share	\$ 935,095	\$ 1,301,040
 Orillia POA Office:		
Revenues (net of refunds)	\$ 1,609,055	\$ 1,495,874
Expenses		
Provincial charges	113,719	112,471
City operating expenses	747,746	716,271
Total Expenses	861,465	828,742
Net Revenue	747,590	667,132
Other		
Participating partners share	747,590	667,132
City of Barrie's share	\$ -	\$ -

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

21. Budget

The Financial Plan By-Law adopted by Council on January 25, 2010 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets (Debt) represent the Financial Plan adopted by Council on January 25, 2010 with adjustments as follows:

	<u>2010</u>
Financial Plan Bylaw surplus for the year	\$ 673,297
Add:	
Capital expenditures	90,689,150
Principal repayments	5,469,001
Less:	
Budgeted interfund transfers	(72,121,064)
Amortization on tangible capital assets	<u>(37,214,313)</u>
Budget deficit per consolidated statement of operations	<u>\$ (12,503,929)</u>

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

22. 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 they encompass are as follows:

General Government

This item encompasses the revenues and expenses related to administrative departments and activities including Council, Chief Administrative Officer Division, Finance, Human Resources, Clerk's Office, Information & 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 represents the activities for all roads maintenance and administration including winter control and response; 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 and the activities of a community development corporation that operates a rail line.

Environmental Services

Activities of this segment represent the property tax funded aspects of the environmental services, which are garbage collection, disposal and recycling and stormwater management and control. User rate funded activities for Water and Wastewater are mandated by the Province to be self funding and is also 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, ODSP and Childcare. District Health Unit costs and contributions to the Royal Victoria Hospital 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 expenses are included in this section. Library services are also included as well as all costs related to cultural initiatives.



The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

22. Segmented Information (continued)

Planning and Development

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

Other Funds and Corporations

This captures the activities for reserve and reserve funds that are not attributable to a specific segment as well as the equity earnings (losses) from activities of the hydro business partnership in which the City holds shares. Activity within the Capital fund is also included in this segment.

The Corporation of the City of Barrie Notes to Consolidated Financial Statements

December 31, 2010

22. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Social Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Other Funds and Corporations	2010 Total
Revenue										
Taxation	\$ 160,200,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,200,707
Fees and service charges	431,653	1,093,915	6,594,796	35,605,741	-	-	8,475,708	276,017	-	52,477,830
Government grants & transfers	386,188	3,506,999	10,571,750	3,610,386	-	-	1,035,327	152,057	-	19,262,707
POA	-	7,624,289	-	-	-	-	-	-	-	7,624,289
Contributions from obligatory reserves funds	-	572,589	13,362,275	11,847,663	-	-	1,221,609	-	-	27,004,136
Other	6,073,196	446,946	1,860,309	936,268	-	-	2,132,028	3,229,093	40,386,372	55,064,212
	167,091,744	13,244,738	32,389,130	52,000,058	-	-	12,864,672	3,657,167	40,386,372	321,633,881
Expenses										
Salaries and benefits	13,886,594	57,900,225	6,810,904	10,610,734	-	86,547	15,266,227	2,041,610	-	106,602,841
Goods and services	12,324,461	8,558,223	23,785,837	19,426,844	-	129,362	9,340,351	1,154,906	-	74,719,984
Interest	154,607	-	773,494	2,577,070	-	-	1,000,118	-	-	4,505,289
Transfer (External)	-	2,750,711	120,517	-	-	22,366,952	-	-	-	25,238,180
Amortization	2,010,398	2,736,110	12,535,031	14,278,005	-	27,829	5,664,605	-	-	37,251,978
Other	385,320	827,641	571,445	936,086	-	-	1,151,722	60,637	-	3,932,851
	28,761,380	72,772,910	44,597,228	47,828,739	-	22,610,690	32,423,023	3,257,153	-	252,251,123
Net surplus (deficit)	\$ 138,330,364	\$ (59,528,172)	\$ (12,208,098)	\$ 4,171,319	\$ (22,610,690)	\$ (19,558,351)	\$ 400,014	\$ 40,386,372	\$ 40,386,372	\$ 69,382,758

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The Corporation of the City of Barrie Notes to Consolidated Financial Statements

December 31, 2010

22. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Other Funds and Corporations	2009 Restated (see Note 1) Total
Revenue	\$ 152,637,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,637,959
Taxation									
Fees and service charges	343,873	919,262	6,725,955	31,861,506	-	8,420,711	160,570	-	48,431,877
Government grants & transfers	1,702	1,745,322	589,148	7,507,618	-	495,584	95,868	-	10,435,242
POA	-	7,411,816	-	-	-	-	-	-	7,411,816
Contribution from obligatory reserve funds	(58,405)	574,528	11,449,685	16,505,334	-	516,277	-	-	28,987,419
Other	6,297,534	5,833,775	1,785,324	1,036,717	11,990	1,380,691	109,433	4,496,567	20,952,031
	159,222,663	16,484,703	20,550,112	56,911,175	11,990	10,813,263	365,871	4,496,567	268,856,344
Expenses									
Salaries and benefits	13,481,959	53,643,047	6,516,332	8,754,085	68,170	14,266,734	1,734,638	-	98,464,965
Goods and Services	11,128,148	6,845,398	19,724,178	26,294,644	545,995	8,991,672	1,016,468	-	74,546,503
Interest	168,990	-	356,811	176,498	-	698,778	-	-	1,401,077
Transfer (External)	-	2,870,187	-	-	32,295,950	-	-	-	35,166,137
Amortization	2,009,425	2,319,751	15,687,553	9,125,236	48,321	5,644,780	-	-	34,835,066
Other	121,075	404,441	229,685	104,829	-	648,150	53,245	-	1,561,425
	26,909,597	66,082,824	42,514,559	44,455,292	32,958,436	30,250,114	2,804,351	-	245,975,173
Net surplus (deficit)	\$ 132,313,066	\$ (49,598,121)	\$ (21,964,447)	\$ 12,455,883	\$ (32,946,446)	\$ (19,436,851)	\$ (2,438,480)	\$ 4,496,567	\$ 22,881,171

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The Corporation of the City of Barrie
Notes to Consolidated Financial Statements

December 31, 2010

23. Reconciliation of Consolidated Operating Surplus

	<u>2010</u>
Surplus reported to Council:	
Tax rate supported surplus	\$ 5,189,621
Water rate surplus	4,564,457
Building code surplus	1,009,518
Waste water surplus	<u>853,066</u>
	11,616,662
Add:	
Revenue from annexed assets	26,998,289
Revenue from assumed assets	7,952,411
Revenue from other funds	27,004,136
Net transfers from funds	19,778,864
Equity income from Barrie Hydro Holdings Inc.	5,435,672
Other consolidated entities' surplus	3,412,520
Long-term debt principal payments	8,890,442
Less:	
Amortization of tangible capital assets	(37,260,838)
Increase in landfill closure and post-closure liabilities	(1,732,899)
Increase in employee benefits plan liability	(1,182,390)
Loss on disposal of tangible capital assets	<u>(1,530,111)</u>
Consolidated surplus per statement of operations	<u>\$ 69,382,758</u>