

Consolidated financial statements of

**The Corporation of the  
City of Barrie**

December 31, 2023

Draft

# The Corporation of the City of Barrie

December 31, 2023

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Draft

## 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, 2023, and the consolidated statements of operations and accumulated surplus, change in net debt, remeasurement gains, 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, 2023, and the results of its operations, changes in net debt, remeasurement gains, 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.

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.

Chartered Professional Accountants  
Licensed Public Accountants  
May 29, 2024

# The Corporation of the City of Barrie

## Consolidated statement of operations and accumulated surplus year ended December 31, 2023

	Budget (Note 19)	2023	2022 (Restated) (Note 2)
	\$	\$	\$
<b>Revenue</b>			
Property taxation (Note 14)	283,723,359	284,380,008	269,459,124
User fees and service charges	98,179,575	104,514,123	95,936,982
Government transfers and grants	15,667,023	25,979,554	20,237,074
Provincial Offences Act (POA) (Note 18)	5,577,000	5,712,668	4,985,119
Licenses and permits	8,962,989	7,723,671	8,657,995
Investment income	3,142,100	12,231,046	8,385,314
Other	11,737,430	10,264,661	9,620,014
Contributed tangible capital assets (Note 11)	-	66,096,691	96,421,534
Equity earnings of government business enterprise (Note 4)	6,260,320	6,954,692	8,266,356
Municipal contributions	2,281,053	2,333,652	2,102,227
Utilization of obligatory reserve funds (Note 7)	62,208,822	68,872,682	71,623,364
	<b>497,739,671</b>	<b>595,063,448</b>	<b>595,695,103</b>
<b>Expenses (Note 15)</b>			
General government	55,741,490	60,328,030	57,757,630
Protection services	150,177,321	149,702,928	123,792,759
Transportation services	71,828,483	70,878,311	64,290,699
Environmental services	90,968,140	92,496,379	86,560,544
Health services	9,511,544	11,600,474	11,259,015
Social and family services	8,679,118	9,535,597	8,383,084
Social housing	7,361,843	11,105,233	9,775,272
Recreation and cultural services	49,263,807	47,877,880	41,960,182
Planning and development	8,895,642	9,271,726	11,052,087
	<b>452,427,388</b>	<b>462,796,558</b>	<b>414,831,272</b>
Annual surplus	<b>45,312,283</b>	<b>132,266,890</b>	<b>180,863,831</b>
Accumulated surplus, beginning of year, as previously stated	<b>2,173,694,456</b>	<b>2,173,694,456</b>	<b>1,987,425,626</b>
Adjustment on adoption of PS 3280 (Note 2)	-	-	5,404,999
Accumulated surplus, beginning of year, as restated	<b>2,173,694,456</b>	<b>2,173,694,456</b>	<b>1,992,830,625</b>
<b>Accumulated surplus, end of year</b>	<b>2,219,006,739</b>	<b>2,305,961,346</b>	<b>2,173,694,456</b>

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

# The Corporation of the City of Barrie

## Consolidated statement of change in net debt year ended December 31, 2023

	Budget (Note 19)	2023	2022 (Restated) (Note 2)
	\$	\$	\$
<b>Annual surplus</b>	<b>45,312,283</b>	<b>132,266,890</b>	180,863,831
Acquisition of tangible capital assets	<b>(84,838,818)</b>	<b>(114,372,781)</b>	(118,275,590)
Contributed tangible capital assets	-	<b>(66,096,691)</b>	(96,421,534)
Amortization of tangible capital assets	<b>68,603,149</b>	<b>68,603,149</b>	66,035,779
(Gain) loss on disposal of tangible capital assets	-	<b>(211,675)</b>	252,237
Proceeds on disposition of tangible capital assets	-	<b>893,182</b>	345,219
Acquisition of tangible capital assets under construction, net	-	<b>(33,290,311)</b>	(17,741,620)
Decrease in inventories of land for resale	-	-	(445,377)
	<b>29,076,614</b>	<b>(12,208,237)</b>	14,612,945
Decrease (increase) in inventories of supplies	-	<b>341,120</b>	(306,264)
Increase in prepaid expenses	-	<b>(323,417)</b>	(1,171,083)
Increase in remeasurement gains	-	<b>3,841,255</b>	-
	-	<b>3,858,958</b>	(1,477,347)
Change in net debt	<b>29,076,614</b>	<b>(8,349,279)</b>	13,135,598
Net debt, beginning of year, as previously stated	<b>(93,396,421)</b>	<b>(93,396,421)</b>	(98,657,881)
Adjustment on adoption of PS 3280 (Note 2)	-	-	(7,874,138)
Net debt, beginning of year, as restated	<b>(93,396,421)</b>	<b>(93,396,421)</b>	(106,532,019)
Adjustment on adoption of PS 3450 (Note 2)	-	<b>318,556</b>	-
<b>Net debt, end of year</b>	<b>(64,319,807)</b>	<b>(101,427,144)</b>	(93,396,421)

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

# The Corporation of the City of Barrie

## Consolidated statement of financial position as at December 31, 2023

	2023	2022 (Restated) (Note 2)
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents (Notes 5, 6 and 7)	56,400,122	63,087,720
Taxes receivable	24,268,000	17,532,938
Accounts receivable	53,374,253	41,961,372
Inventories of land for resale	1,267,932	1,267,932
Other receivables (Note 3)	2,126,034	2,083,654
Promissory note receivable (Note 4b)	20,000,000	20,000,000
Investments (Note 5)	332,841,291	329,991,888
Investment in Lake Simcoe Regional Airport Inc. (Note 1 and 22)	2,044,193	2,044,193
Investment in government business enterprise (Note 4)	155,726,233	155,597,001
	<b>648,048,058</b>	<b>633,566,698</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	140,305,631	128,627,866
Deferred revenue - general	12,418,784	10,912,568
Deferred revenue - obligatory reserve funds (Note 7)	139,381,894	131,326,424
Post employment benefits liabilities (Note 8)	134,160,651	104,984,644
Net long-term liabilities (Note 9)	301,733,896	331,013,413
Asset retirement obligations (Note 10)	21,474,346	20,098,204
	<b>749,475,202</b>	<b>726,963,119</b>
<b>Net debt</b>	<b>(101,427,144)</b>	<b>(93,396,421)</b>
<b>Non-Financial assets</b>		
Tangible capital assets (Note 11)	2,239,437,722	2,128,252,906
Tangible capital assets under construction (Note 11)	166,462,648	133,172,337
Inventories of supplies	2,354,629	2,695,749
Prepaid expenses	3,293,302	2,969,885
	<b>2,411,548,301</b>	<b>2,267,090,877</b>
Accumulated surplus (Note 12)	2,305,961,346	2,173,694,456
Accumulated remeasurement gains	4,159,811	-
	<b>2,310,121,157</b>	<b>2,173,694,456</b>

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

Approved by:

\_\_\_\_\_, Chief Financial Officer and Treasurer

# The Corporation of the City of Barrie

## Consolidated statement of remeasurement gains year ended December 31, 2023

	2023	2022
	\$	\$
<b>Accumulated remeasurement gains, beginning of the year</b>	-	-
Adjustment on adoption of PS 3450 - interest rate swap	(1,205,689)	-
Adjustment on adoption of PS 3450 - equity instruments	887,133	-
Accumulated remeasurement gains, beginning of year, as adjusted	(318,556)	-
<b>Change in unrealized gains attributable to:</b>		
Interest rate swap	376,179	-
Equity instruments	(4,275,691)	-
	(3,899,512)	-
<b>Realized gains, reclassified to the consolidated statement of operations:</b>		
Equity instruments	58,257	-
Net change in remeasurement gains for the year	(3,841,255)	-
<b>Accumulated remeasurement gains, end of the year</b>	(4,159,811)	-

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



# The Corporation of the City of Barrie

## Consolidated statement of cash flows year ended December 31, 2023

	2023	2022 (Restated) (Note 2)
	\$	\$
<b>Operating activities</b>		
Annual surplus	132,266,890	180,863,831
Items not involving cash		
Equity earnings of government business enterprise	(6,954,692)	(8,266,356)
Amortization of tangible capital assets	68,603,149	66,035,779
(Gain) loss on disposal of tangible capital assets	(211,675)	252,237
Contributed tangible capital assets	(66,096,691)	(96,421,534)
	<b>127,606,981</b>	<b>142,463,957</b>
Changes in non-cash working capital balances		
Taxes receivable	(6,735,062)	(763,130)
Accounts receivable	(11,412,881)	(8,844,059)
Other receivables	(42,380)	5,989,603
Accounts payable and accrued liabilities	11,677,765	25,596,395
Deferred revenue - general	1,506,216	(3,574,020)
Deferred revenue - obligatory reserve funds	8,055,470	51,366,877
Post employment benefits liabilities	29,176,007	8,367,459
Asset retirement obligations	1,376,142	454,619
Prepaid expenses	(323,417)	(1,171,083)
Inventories of supplies	341,120	(306,264)
	<b>161,225,961</b>	<b>219,580,354</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets (net of transfers and contributions)	(114,372,781)	(118,275,590)
Acquisition of tangible capital assets under construction, net	(33,290,311)	(17,741,620)
Proceeds of disposition of tangible capital assets	893,182	345,219
	<b>(146,769,910)</b>	<b>(135,671,991)</b>
<b>Investing activities</b>		
Net redemption (purchase) of investments	480,898	(166,002,193)
Dividends received from Barrie Hydro Holdings Inc.	6,825,460	7,800,000
	<b>7,306,358</b>	<b>(158,202,193)</b>
<b>Financing activities</b>		
Proceeds from issuance of long-term debentures	-	22,800,000
Repayment of net long-term liabilities	(28,450,007)	(27,207,340)
	<b>(28,450,007)</b>	<b>(4,407,340)</b>
Net change in cash and cash equivalents	<b>(6,687,598)</b>	<b>(78,701,170)</b>
Cash and cash equivalents, beginning of year	<b>63,087,720</b>	<b>141,788,890</b>
<b>Cash and cash equivalents, end of year</b>	<b>56,400,122</b>	<b>63,087,720</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	<b>19,892,615</b>	<b>12,229,239</b>
Cash equivalents	<b>36,507,507</b>	<b>50,858,481</b>
	<b>56,400,122</b>	<b>63,087,720</b>

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

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

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### 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 disclosed in Note 4.

#### *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.

#### *Investments*

Investments, excluding equity instruments quoted in an active market, 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. Equity instruments quoted in an active market are recorded at fair value. Changes in unrealized gains and losses are recorded in the consolidated statement of remeasurement gains. Accrued interest is included in accounts receivable. Investments consist of authorized investments pursuant to the provisions of the Municipal Act and comprise of government and corporate bonds, equity investments, and guaranteed investment certificates. Investments with original maturity dates greater than 90 days are classified as investments in the consolidated statement of financial position. Portfolio investments including the investment in Lake Simcoe Regional Airport Inc. are recorded at historical cost.

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

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### 1. Summary of significant accounting policies (continued)

#### *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, site preparation costs, and asset retirement obligations. 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:

<b>Asset class</b>	<b>Useful life</b>
Building and building improvements	15 to 60 years
Machinery and equipment	5 to 30 years
Fleet	3 to 18 years
Land improvements	5 to 100 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 expenditures incurred to benefit landowners and deferred development charges from various organizations. These other receivables 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 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 subsequent to the passing of a property tax by-law in the period in 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 and a reduction to revenue if the amount can be reasonably estimated.

#### *User fees and other revenues*

User fees and other revenues are recognized when earned.

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

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### 1. Summary of significant accounting policies (continued)

#### *Investment income*

The City invests excess funds that are not required for immediate use. Investment income, including interest, dividends, and realized gains and losses, is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the associated reserve funds and forms part of the respective deferred revenue - obligatory reserve fund 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 Employees Retirement System ("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 plans are funded on a pay-as-you-go basis. The City funds the plans 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.

#### Accounting policies

Actuarial gains and losses are amortized 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.

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

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### 1. Summary of significant accounting policies (continued)

#### *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.

#### *Asset retirement obligations*

An asset retirement obligation liability is recognized when at the financial reporting date there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. Asset retirement obligations are initially measured at management's best estimate of the future cash flows required to settle the retirement obligation. If there is certainty on the timing of the cash flows to settle the retirement obligations, the future cash flows will be present valued using discounted cash flows.

When a liability for an asset retirement obligation is initially recognized, a corresponding amount is added to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset.

At each reporting date, the City reviews the carrying amount of the liability. Where present value techniques are used, an accretion expense is recorded in the period to record the change in the liability due to the passage of time. Changes to the liability arising from revisions to the amount of the original estimate of undiscounted cash flows, the discount rate, and/or the timing of when an obligation will be settled will be recognized in the period as a change to the liability and carrying amount of the related tangible capital asset.

The City recognizes the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability in the period they are incurred.

#### *Liability for contaminated sites*

The City records a liability if it has a contaminated site that meets the requirements set out in the standard PS 3260 "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.

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

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### 1. Summary of significant accounting policies (continued)

#### *Financial instruments*

The City initially recognizes financial instruments at fair value and subsequently measures them at each reporting date, as follows:

<b>Financial instrument</b>	<b>Measurement method</b>
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Other receivables	Amortized cost
Promissory note	Amortized cost
Investments - equity instruments	Fair value
Investments - corporate and government bonds	Amortized cost
Investments - guaranteed investment certificates	Amortized cost
Investment in Lake Simcoe Regional Airport Inc.	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Interest rate swap	Fair value

Unrealized gains on financial instruments measured at fair value are recognized in the consolidated statement of remeasurement gains until they are realized upon derecognition, when they are transferred to the consolidated statement of operations. Transaction costs in the fair value category are expensed in the period they are incurred.

Financial instruments measured at amortized cost are amortized using the effective interest method. Transaction costs in the amortized cost category are added to the carrying value upon initial recognition.

#### *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 liabilities for contaminated sites, post employment benefits liabilities, asset retirement obligations, fair value of certain financial instruments, Provincial Offenses 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.

### 2. Adoption of new accounting standards and prior period adjustment

Effective January 1, 2023, the City was required to adopt the following standards concurrently using the prospective application method: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

#### *PS 1201 Financial Statement Presentation*

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the consolidated statement of remeasurement gains separate from the consolidated statement of operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of unrealized gains and losses.

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

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### 2. Adoption of new accounting standards and prior period adjustment (continued)

#### *PS 2601 Foreign Currency Translation*

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported at fair value to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are to be presented in the new consolidated statement of remeasurement gains.

#### *PS 3041 Portfolio Investments*

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

#### *PS 3450 Financial Instruments*

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments, including derivatives. As a result of the standard, equity instruments and the interest rate swap are now measured at fair value on the consolidated statement of financial position and unrealized gains on equity instruments and the interest rate swap are recorded in the consolidated statement of remeasurement gains. Prior to 2023, equity instruments were recorded at cost and the interest rate swap was disclosed in the notes to the consolidated financial statements. Recognition, derecognition and measurement policies followed in periods prior to the adoption date, including 2022 comparative figures, have not been restated as the standard is required to be adopted prospectively. The cumulative impact of this standard has been reflected in the consolidated statement of remeasurement gains.

#### *PS 3280 Asset Retirement Obligations*

Effective January 1, 2023, the City was required to adopt PS 3280 Asset Retirement Obligations using the modified retroactive application method. Prior to the adoption of PS 3280, the City recorded closure and post-closure costs for the landfill site rehabilitation under PS 3270 Solid Waste Landfill Closure and Post-Closure Liability, which required the recognition of the liability 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. Under PS 3280 Asset Retirement Obligations, a liability for an asset retirement obligation for the landfill is recognized based on discounted estimated cash flows associated with total amount for closure and post-closure activities. Prior period adjustments have been recorded and 2022 corresponding figures restated. The impact of the 2022 restatement is to remove the landfill obligation previously reported under PS 3270 Solid Waste Landfill Closure and Post-Closure Liability of \$7,733,544 and add the restated landfill obligation under PS 3280 Asset Retirement Obligations of \$10,127,369 (Note 10).

#### *Prior period adjustment - Downtown Barrie Business Improvement Area (BIA)*

During the year, it was discovered that accounts receivable and revenue were understated for the year ended December 31, 2022 by \$34,667. Prior period adjustments have been recorded and 2022 corresponding figures restated. This adjustment is very minimal, however has been reflected in the 2022 restated corresponding figures of these consolidated financial statements for the sole purpose of ensuring consistency with the adjustment reflected in the BIA's standalone financial statements.

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 2. Adoption of new accounting standards and prior period adjustment (continued)

The impact of the prior period adjustments for the adoption of PS 3280 Asset Retirement Obligations and the prior period adjustment for the Downtown Barrie Business Improvement Area are as follows:

Impact on consolidated statement of operations:

	2022 (Previously reported)	Adjustments for adoption of PS 3280	Adjustment for BIA	2022 (Restated)
	\$	\$	\$	\$
Government transfers and grants	20,202,407	-	34,667	20,237,074
Amortization of tangible capital assets	65,676,893	358,886	-	66,035,779
Goods and services	95,946,052	4,035,904	-	99,981,956

Impact on consolidated statement of financial position:

	2022 (Previously reported)	Adjustments for adoption of PS 3280	Adjustment for BIA	2022 (Restated)
	\$	\$	\$	\$
Accounts receivable	41,926,705	-	34,667	41,961,372
Landfill closure and post-closure liabilities	7,733,543	(7,733,543)	-	-
Asset retirement obligations	-	20,098,204	-	20,098,204
Tangible capital assets	2,114,878,036	13,374,870	-	2,128,252,906

### 3. Other receivables

Other receivables consist of:

	2023	2022
	\$	\$
Receivables from benefiting landowners. These have various maturity dates between 2027 to 2032 and interest rates ranging from 0.0% to 5.2% (2022 – 0.0% to 5.3%).	626,734	1,094,944
Receivables from benefiting landowners. Maturity dates and interest rates will be determined at the time of billing.	493,950	493,950
Deferred development charge receivables from various organizations. Maturity and interest rates will be determined at the date of occupancy.	1,005,350	494,760
	<b>2,126,034</b>	2,083,654



# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 4. 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, 2023, 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. and 8.37% of the common shares of Alectra Inc. ("Alectra").

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

	2023	2022
	\$	\$
<b>Financial position</b>		
Current assets	185,559	111,527
Other assets	182,102,578	182,102,578
<b>Total assets</b>	<b>182,288,137</b>	<b>182,214,105</b>
Current liabilities	36,039	91,239
Long-term liabilities	26,525,865	26,525,865
<b>Total liabilities</b>	<b>26,561,904</b>	<b>26,617,104</b>
<b>Total net assets</b>	<b>155,726,233</b>	<b>155,597,001</b>
<b>Results of operations</b>		
Revenues	7,206,554	8,703,167
Expenses	(112,997)	(131,455)
Taxes	(2,755,292)	(3,295,356)
<b>Net income for the year</b>	<b>4,338,265</b>	<b>5,276,356</b>
Dividend refund received	2,616,427	2,990,000
<b>Equity earnings in government business enterprise</b>	<b>6,954,692</b>	<b>8,266,356</b>

#### b. Promissory note receivable

An unsecured promissory note receivable from Alectra as at December 31, 2023 amounted to \$20,000,000 (2022 - \$20,000,000) and bears interest at 4.41% (2022 - 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, which is included in investment income, is \$882,000 (2022 - \$882,000).

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 5. Investments

Included in cash and cash equivalents are highly liquid short-term investments of \$36,507,507 (2022 - \$50,858,481) with a market value of \$36,507,507 (2022 - \$50,585,481).

Investments reported on the consolidated statement of financial position have a carrying value of the following:

	Measurement method	2023
		\$
Equity instruments	Fair value (effective January 1, 2023)	45,664,813
Corporate and government bonds	Amortized cost	132,176,478
Guaranteed investment certificates	Amortized cost	155,000,000
		332,841,291

  

	Measurement method	2022
		\$
Equity instruments	Amortized cost	25,286,452
Corporate and government bonds	Amortized cost	49,705,436
Guaranteed investment certificates	Amortized cost	255,000,000
		329,991,888

### 6. Credit facilities

#### *Operating line of credit*

The City has an operating line of credit, to be used to finance day-to-day operations, in the amount of \$25,000,000 (2022 - \$25,000,000), at the bank's stated prime rate less 1.00% per annum. The carrying balance of this operating line of credit at year end was \$nil (2022 - \$nil).

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 7. Deferred revenue - obligatory reserve funds

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

	2023	2022
	\$	\$
Balance, beginning of year	131,326,424	79,959,547
Canada community-building fund contributions	9,361,253	8,971,202
Development contributions	57,525,187	110,201,643
Provincial gas tax contributions	2,274,100	2,269,206
Investment income	7,767,612	1,548,190
Utilization of funds	(68,872,682)	(71,623,364)
Deferred revenue - obligatory reserve funds, end of year	139,381,894	131,326,424
Analyzed as follows:		
Canada community-building fund	16,830,630	18,417,689
Development charges	74,864,407	71,793,499
Other	14,651,471	10,862,266
Provincial gas tax	8,510,266	5,860,419
Cash in lieu of parkland	24,506,414	24,374,937
Federal transit tax	18,706	17,614
Deferred revenue - obligatory reserve funds, end of year	139,381,894	131,326,424

There is legislation and/or actions and communications by the City which restricts how these funds may be used. Cash and cash equivalents, and other liquid assets such as investments needed to fund these above noted obligatory reserve funds is \$139,381,894 (2022 - \$131,326,424). Actual cash and cash equivalents on hand at year end is \$56,400,122 (2022 - \$63,087,720) and investments on hand at year end have a market value of \$330,758,845 (2022 - \$323,956,981).

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 8. Post employment benefits liabilities

	2023	2022
	\$	\$
Accumulated post retirement benefits - accrued obligation	53,655,485	57,413,846
Unamortized net actuarial gains	18,614,253	11,419,950
Post retirement benefits - accrued benefit liability	72,269,738	68,833,796
Accumulated sick leave benefits - accrued obligation	17,160,018	15,870,912
Unamortized net actuarial losses	(1,101,184)	(654,838)
Sick leave benefits - accrued benefit liability	16,058,834	15,216,074
Long-term disability - accrued benefit liability	3,628,943	2,574,467
WSIB obligation - accrued benefit liability	42,203,136	18,360,307
	134,160,651	104,984,644

Information about post retirement benefits is as follows:

	2023	2022
	\$	\$
Current year benefit cost	2,800,838	4,276,019
Interest on accrued benefit obligation	2,721,984	1,909,269
Amortization of actuarial (gains) losses	(285,447)	1,093,747
Expense	5,237,375	7,279,035

Information about compensated absences is as follows:

	2023	2022
	\$	\$
Current year benefit cost	1,487,400	1,848,708
Interest on accrued benefit obligation	856,300	534,955
Amortization of actuarial losses	1,082,900	662,276
Expense	3,426,600	3,045,939

The amount paid during the year was \$1,801,506 (2022 - \$1,982,909) for post retirement benefits and \$1,119,490 (2022 - \$1,008,199) 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 recorded for these benefits in 2023 are based on an actuarial valuation prepared by an independent actuarial firm. The date of the last actuarial valuation was as at December 31, 2023.

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

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### 8. 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 benefit liability 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, 2023, the balance in the workers' compensation reserve is \$719,654 (2022 - deficit of \$480,197), which is included in the reserves balance in Note 12.

The increase in the workers' compensation liability on December 31, 2023 is derived by an increase in the loss-of earnings benefit liability component which can be attributed to a change in methodology between the current and prior valuation. In the previous valuation, the liability for large certain or contingent claims was calculated based on the present value of future benefits with no consideration for recovery likelihood of those in-force participants, and the liability for all other claims was calculated using run-off vectors determined from historical data to estimate future years' benefits. In the current valuation, the liability for loss-of-earnings claimants, regardless of the classification, was determined based on the present value of projected future loss-of-earnings benefits including recognition for inflation and assumptions for the recovery likelihood for each claimant based on current industry continuance experience rate tables.

##### Sick leave benefits

The City provides paid sick leave that can be accumulated up to a maximum defined by the employee group. The costs and liabilities recorded for this benefit in 2023 are based on an actuarial valuation prepared by an independent actuarial firm. The date of the last actuarial valuation was as at December 31, 2023. A sick leave reserve is established to help reduce the future impact of these obligations. As at December 31, 2023, the balance in the sick leave reserve is \$2,886,356 (2022 - \$2,810,198), which is included in the reserves balance in Note 12.

The accrued benefit obligations for the City's post employment benefits liabilities as at December 31, 2023 are based on an actuarial valuation for accounting purposes as at December 31, 2023. 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:

	2023	2022
	%	%
Expected wage and salary increases	3.6%	2.5%
Discount on accrued benefit obligations	4.5%	4.7%
Health care costs escalation	See (i)	See (ii)
Dental costs escalation	See (i)	4.0%

(i) Health care and dental costs are assumed to increase at 4.2% annually from 2024 to 2028, increase at 5.3% annually from 2029 to 2033, increase at 5.0% annually from 2034 to 2038, increase at 4.4% annually from 2039 to 2041, and increase at 4.0% annually in 2042 and thereafter.

(ii) 6.70% for 2022 and reducing by 0.15% in each subsequent year to an ultimate rate increase of 4.0%.

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 9. Net long-term liabilities

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

	2023	2022
	\$	\$
Debentures, bearing interest at rates ranging from 0.70% to 5.08%, maturing between 2024 and 2051, incurred by the City.	<b>298,824,420</b>	327,274,427
Barrie transit facility public-private partnership long-term obligation, interest at imputed rate of 2.9%, maturing in 2035.	<b>3,738,986</b>	3,738,986
Total	<b>302,563,406</b>	331,013,413
Interest rate swap - asset	<b>(829,510)</b>	-
	<b>301,733,896</b>	331,013,413

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

	\$
2024	27,862,031
2025	26,278,660
2026	26,372,412
2027	24,723,844
2028	24,530,804
Thereafter	172,795,655
	<b>302,563,406</b>

The interest expense relating to the above long-term liabilities is \$11,474,937 (2022 - \$11,936,809).

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 entered into an interest rate swap agreement to reduce its exposure to interest rate risk related to its debentures. The fair market value of the swap at year end is an asset to the City of \$829,510 (2022 - \$1,205,689). The fair value of the interest rate swap is recorded in the consolidated statement of financial position with the change in fair value of \$376,179 during 2023 recorded in the consolidated statement of remeasurement gains.

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

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### 10. Asset retirement obligations

The City's asset retirement obligations liability, recognized under PS 3280 Asset Retirement Obligations, is comprised of the following:

#### *Landfill obligation*

The City owns and operates a landfill. Landfill 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 asset retirement obligation for the landfill is recorded as the present value of the City's estimated future cash flows using a 2023 assessment of expected expenses extending over the closure and post-closure care period of the landfill. The landfill is expected to reach its capacity in 12 years (2022 - 13 years) and the estimated length of time needed for post-closure care is 50 years.

The discount rate applied upon the modified retroactive adoption of PS 3280 to restate the landfill obligation as at December 31, 2022 is 4.7%. The discount rate used to remeasure the landfill obligation as at December 31, 2023 is 4.5%.

#### *All other asset retirement obligations*

The City owns and operates several buildings that are known or assumed to have designated hazardous materials. Under the Occupational Health and Safety Act, there is a legal obligation to handle and dispose of designated hazardous materials when disturbed. Upon the adoption of PS 3280 Asset Retirement Obligations, the City recognized a liability for the removal of designated hazardous materials in buildings known or assumed to contain them using best estimates as at December 31, 2023. There is uncertainty on the timing of remediation, therefore present value techniques have not been used.

Changes to the asset retirement obligations in the year are as follows:

	2023	2022 (Restated) (Note 2)
	\$	\$
Asset retirement obligations, beginning of year	<b>20,098,204</b>	-
Adjustment on adoption of PS 3280	-	19,643,585
Change in discount rate	<b>1,698,702</b>	(664,028)
Change in cost estimate	<b>(322,560)</b>	1,118,647
Asset retirement obligations, end of year	<b>21,474,346</b>	20,098,204

# The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2023

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## 11. 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 2023 amounted to \$66,096,691 (2022 - \$96,421,534).

### *Assets under construction*

The amount of tangible capital assets under construction is \$166,462,648 (2022 - \$133,172,337). 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.

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# The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2023

## 11. Tangible capital assets (continued)

	2023							
	Land	Buildings and building improvements	Machinery and equipment	Fleet	Land improvements	Underground and other networks	Roads and sidewalks	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	472,003,182	452,136,928	474,825,249	76,154,028	280,413,045	739,862,377	578,142,277	3,073,537,086
Additions	48,094,082	9,506,165	9,329,349	7,301,926	15,947,352	35,779,527	54,511,071	180,469,472
Disposals/transfers	(400,449)	(6,479,971)	(5,040,938)	(2,462,737)	(449,889)	-	-	(14,833,984)
Cost, end of year	519,696,815	455,163,122	479,113,660	80,993,217	295,910,508	775,641,904	632,653,348	3,239,172,574
Accumulated amortization, beginning of year	-	165,970,955	278,930,837	40,963,286	97,792,239	153,241,539	208,385,324	945,284,180
Amortization	-	14,594,732	19,657,455	5,795,206	6,884,082	9,165,674	12,506,000	68,603,149
Disposals/transfers	-	(6,295,152)	(4,976,062)	(2,433,270)	(447,993)	-	-	(14,152,477)
Accumulated amortization, end of year	-	174,270,535	293,612,230	44,325,222	104,228,328	162,407,213	220,891,324	999,734,852
Net carrying amount, end of year	519,696,815	280,892,587	185,501,430	36,667,995	191,682,180	613,234,691	411,762,024	2,239,437,722

# The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2023

## 11. Tangible capital assets (continued)

									2022 (Restated) (Note 2)
	Land	Buildings and building improvements	Machinery and equipment	Fleet	Land improvements	Underground and other networks	Roads and sidewalks	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	375,036,502	434,539,426	468,508,365	66,749,007	261,170,328	699,992,851	542,642,987	2,848,639,466	
Adjustment on adoption of PS 3280	-	9,970,835	-	-	5,655,970	-	-	15,626,805	
Additions	96,966,680	7,696,664	10,371,948	10,283,700	13,946,481	39,869,526	35,562,126	214,697,125	
Disposals/transfers	-	(69,997)	(4,055,064)	(878,679)	(359,734)	-	(62,836)	(5,426,310)	
<b>Cost, end of year</b>	<b>472,003,182</b>	<b>452,136,928</b>	<b>474,825,249</b>	<b>76,154,028</b>	<b>280,413,045</b>	<b>739,862,377</b>	<b>578,142,277</b>	<b>3,073,537,086</b>	
Accumulated amortization, beginning of year	-	150,183,686	263,810,598	36,188,835	90,812,934	144,617,651	196,561,260	882,174,964	
Adjustment on adoption of PS 3280	-	1,521,913	-	-	825,755	-	-	2,347,668	
Amortization	-	14,298,120	19,128,344	5,616,189	6,500,241	8,623,888	11,868,997	66,035,779	
Disposals/transfers	-	(32,764)	(4,008,105)	(841,738)	(346,691)	-	(44,933)	(5,274,231)	
<b>Accumulated amortization, end of year</b>	<b>-</b>	<b>165,970,955</b>	<b>278,930,837</b>	<b>40,963,286</b>	<b>97,792,239</b>	<b>153,241,539</b>	<b>208,385,324</b>	<b>945,284,180</b>	
<b>Net carrying amount, end of year</b>	<b>472,003,182</b>	<b>286,165,973</b>	<b>195,894,412</b>	<b>35,190,742</b>	<b>182,620,806</b>	<b>586,620,838</b>	<b>369,756,953</b>	<b>2,128,252,906</b>	

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 12. Accumulated surplus

The City segregates its accumulated surplus into the following categories:

	2023	2022 (Restated) (Note 2)
	\$	\$
Invested in tangible capital assets	2,405,900,370	2,261,425,243
Unallocated	(50,774,933)	(20,808,982)
Reserves	237,876,042	219,266,340
Equity in government business enterprise	175,726,233	175,597,001
Amounts to be recovered		
Vacation payable liability	(5,397,473)	(5,688,885)
Post employment benefits liabilities	(134,160,651)	(104,984,644)
Asset retirement obligations	(21,474,346)	(20,098,204)
Net long-term liabilities	(301,733,896)	(331,013,413)
	<b>2,305,961,346</b>	<b>2,173,694,456</b>

### 13. Pension agreement

OMERS provides pension services to more than 600,000 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, 2023. The results of this valuation disclosed total actuarial liabilities as at that date of \$136,185 million (2022 - \$130,306 million) (includes \$1,611 million (2022 - \$1,517 million) of Additional Voluntary Contribution (AVC) component) in respect of benefits accrued for service with actuarial net assets at that date of \$131,983 million (2022 - \$123,628 million) (includes \$1,611 million (2022 - \$1,517 million) of AVC component) indicating an actuarial deficit of \$4,202 million (2022 - \$6,678 million). The actuarial deficit may result in future payments by participating employers and their employees 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 \$15,772,113 (2022 - \$14,150,844).

### 14. Property taxation information

	2023	2022
	\$	\$
Property taxes and payments-in-lieu	284,380,008	269,459,124
Collections on behalf of governments		
Province of Ontario - school board tax	63,545,577	62,928,142
	<b>347,925,585</b>	<b>332,387,266</b>
Transfers		
Province of Ontario - school board tax	(63,545,577)	(62,928,142)
Municipal property taxation	284,380,008	269,459,124

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 15. Expenses

	2023	2022 Restated (Note 2)
	\$	\$
Salaries, wages and employee benefits	227,722,402	193,132,419
Materials	32,360,603	31,776,909
Contracted services	77,823,551	68,205,047
Rents and financial expenses	9,021,292	9,558,607
Transfer payments	36,002,299	33,933,465
Interest on long-term debt	11,474,937	11,936,809
Amortization on tangible capital assets	68,603,149	66,035,779
(Gain) loss on disposal of tangible capital assets	(211,675)	252,237
	<b>462,796,558</b>	<b>414,831,272</b>

### 16. 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 Royal Victoria Hospital). The outstanding balance of the loan as at December 31, 2023 is \$7,054,400.

#### (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 for 2024 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:	356,967	20,931,821	21,288,788

#### (c) Miscellaneous:

The City has also made commitments through numerous contracts, in the normal course of business, with a variety of suppliers for future capital projects.

### 17. 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.

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 18. Provincial Offences Act ("POA")

The 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 2023 fiscal year with comparative figures for the year 2022:

	2023	2022
	\$	\$
<u>Barrie POA Office:</u>		
Revenues (net of refunds)	<b>4,200,955</b>	3,519,308
Expenses		
Provincial charges	<b>360,079</b>	250,328
City operating expenses	<b>2,962,341</b>	2,931,192
	<b>3,322,420</b>	3,181,520
Net revenue	<b>878,535</b>	337,788
Other		
Participating partners' share	<b>658,435</b>	366,228
City of Barrie share	<b>220,100</b>	(28,440)
<u>Orillia POA Office:</u>		
Revenues (net of refunds)	<b>1,511,713</b>	1,465,811
Expenses		
Provincial charges	<b>137,987</b>	121,068
City operating expenses	<b>1,089,959</b>	1,007,365
	<b>1,227,946</b>	1,128,433
Net revenue	<b>283,767</b>	337,378
Other		
Participating partners' share	<b>283,767</b>	337,378
City of Barrie share	-	-

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 19. Budget

The City of Barrie prepares its budget on a modified accrual basis. The budget was approved by Council on February 15, 2023. Canadian public sector accounting standards (PSAB) require actual results be reported on a full accrual basis. The reported budget in these consolidated financial statements includes adjustments to capital expenditures, revenues, amortization expenses, post-employment benefits, and operating transfers, as identified below:

	2023 Council approved operating budget	2023 Council approved capital budget	2023 In year operating budget amendments	2023 In year capital budget amendments	2023 Actual amortization adjustment	2023 Post employment benefit liabilities expense	2023 Elimination of operating transfers	2023 Budget as presented
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Taxation	283,723,359	-	-	-	-	-	-	283,723,359
User fees and service charges	98,084,575	-	95,000	-	-	-	-	98,179,575
Government transfers and grants	9,231,925	3,110,742	-	3,324,356	-	-	-	15,667,023
POA	5,577,000	-	-	-	-	-	-	5,577,000
Licenses and permits	8,962,989	-	-	-	-	-	-	8,962,989
Investment income	3,142,100	-	-	-	-	-	-	3,142,100
Other	9,936,590	1,729,312	-	71,528	-	-	-	11,737,430
Equity earnings of government business enterprise	6,260,320	-	-	-	-	-	-	6,260,320
Municipal contributions	2,281,053	-	-	-	-	-	-	2,281,053
Utilization of obligatory reserve funds	30,198,279	35,020,198	30,000	(3,039,655)	-	-	-	62,208,822
	<b>457,398,190</b>	<b>39,860,252</b>	<b>125,000</b>	<b>356,229</b>	-	-	-	<b>497,739,671</b>

# The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2023

## 19. Budget (continued)

	2023 Council approved operating budget	2023 Council approved capital budget	2023 In year operating budget amendments	2023 In year capital budget amendments	2023 Actual amortization adjustment	2023 Post employment benefit liabilities expense	2023 Elimination of operating transfers	2023 Budget as presented
<b>Expenses</b>								
General government	34,888,190	-	825,000	-	9,212,847	474,173	10,341,280	55,741,490
Protection services	115,719,024	-	-	-	7,618,806	27,816,575	(977,084)	150,177,321
Transportation services	54,171,680	-	-	-	18,200,909	351,500	(895,606)	71,828,483
Environmental services	72,654,337	-	-	-	26,351,849	241,746	(8,279,792)	90,968,140
Health services	9,405,730	-	-	-	105,814	-	-	9,511,544
Social and family services	8,631,920	-	-	-	45,849	991	358	8,679,118
Social housing	7,361,843	-	-	-	-	-	-	7,361,843
Recreation and culture services	42,128,865	-	27,300	-	7,065,852	201,822	(160,032)	49,263,807
Planning and development	8,709,344	-	125,000	-	1,223	89,199	(29,124)	8,895,642
	<b>353,670,933</b>	-	<b>977,300</b>	-	<b>68,603,149</b>	<b>29,176,006</b>	-	<b>452,427,388</b>
Budgeted debt repayment	30,102,689	-	-	-	-	-	-	-
Budgeted interfund transfers	73,624,568	(65,449,600)	(852,300)	13,546,799	-	-	-	-
Budgeted capital expenditures	-	106,838,134	-	(21,999,316)	-	-	-	-
(Budgeted) reduction in debenture funding	-	(1,528,282)	-	8,808,746	-	-	-	-
	-	-	-	-	-	-	-	-

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

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### 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 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.

#### *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 contributions 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 Development Services department and Economic and Creative 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 4) and contributed tangible capital assets.



# The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2023

## 20. Segmented information (continued)

									2023
	General government	Protection services	Transportation services	Environmental services	Health and social services	Recreation and cultural services	Planning and development	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>									
Taxation	284,380,008	-	-	-	-	-	-	-	284,380,008
User fees and service charges	1,175,953	2,863,860	10,388,636	77,175,305	37,753	10,046,749	2,825,867	-	104,514,123
Government transfers and grants	3,492,482	8,011,529	7,382,911	4,777,060	124,618	872,411	1,318,543	-	25,979,554
POA	-	5,712,668	-	-	-	-	-	-	5,712,668
Utilization of obligatory reserve funds	29,683,262	283,725	15,360,274	20,739,931	113,169	382,880	2,309,441	-	68,872,682
Other	17,535,648	8,921,710	15,480,391	8,782,085	137,446	2,649,732	3,207,240	48,890,161	105,604,413
	<b>336,267,353</b>	<b>25,793,492</b>	<b>48,612,212</b>	<b>111,474,381</b>	<b>412,986</b>	<b>13,951,772</b>	<b>9,661,091</b>	<b>48,890,161</b>	<b>595,063,448</b>
<b>Expenses</b>									
Salaries and benefits	28,865,101	128,227,705	14,503,550	23,117,315	204,176	26,144,060	6,660,495	-	227,722,402
Goods and services	18,380,602	9,362,391	35,664,688	31,958,687	343,438	12,309,719	2,164,629	-	110,184,154
Interest on long-term debt	143,715	894,173	1,621,841	8,808,838	-	6,370	-	-	11,474,937
Transfer payments	57,364	2,724,343	414,348	-	31,523,190	882,023	401,031	-	36,002,299
Amortization of tangible capital assets	9,212,847	7,618,806	18,200,909	26,351,849	151,663	7,065,852	1,223	-	68,603,149
Other	3,668,401	875,510	472,975	2,259,690	18,837	1,469,856	44,348	-	8,809,617
	<b>60,328,030</b>	<b>149,702,928</b>	<b>70,878,311</b>	<b>92,496,379</b>	<b>32,241,304</b>	<b>47,877,880</b>	<b>9,271,726</b>	<b>-</b>	<b>462,796,558</b>
<b>Annual surplus (deficit)</b>	<b>275,939,323</b>	<b>(123,909,436)</b>	<b>(22,266,099)</b>	<b>18,978,002</b>	<b>(31,828,318)</b>	<b>(33,926,108)</b>	<b>389,365</b>	<b>48,890,161</b>	<b>132,266,890</b>

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

### 20. Segmented information (continued)

									2022 (Restated) (Note 2)
	General government	Protection services	Transportation services	Environmental services	Health and social services	Recreation and cultural Services	Planning and development	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>									
Taxation	269,459,124	-	-	-	-	-	-	-	269,459,124
User fees and service charges	2,514,854	2,179,993	7,732,200	72,013,575	20,900	7,382,472	4,092,988	-	95,936,982
Government transfers and grants	4,197,006	6,074,607	5,007,822	2,523,765	134,528	576,197	1,723,149	-	20,237,074
POA	-	4,985,119	-	-	-	-	-	-	4,985,119
Utilization of obligatory reserve funds	24,488,371	176,206	9,230,795	11,576,430	2,560,532	199,220	23,391,810	-	71,623,364
Other	12,960,036	9,621,617	1,858,312	1,137,250	202,668	1,929,936	1,055,732	104,687,889	133,453,440
	<b>313,619,391</b>	<b>23,037,542</b>	<b>23,829,129</b>	<b>87,251,020</b>	<b>2,918,628</b>	<b>10,087,825</b>	<b>30,263,679</b>	<b>104,687,889</b>	<b>595,695,103</b>
<b>Expenses</b>									
Salaries and benefits	26,676,599	102,996,547	12,008,002	21,651,239	165,240	22,630,042	7,004,750	-	193,132,419
Goods and services	18,025,848	8,947,287	32,157,415	27,875,453	378,835	10,748,160	1,848,958	-	99,981,956
Interest on long-term debt	151,832	1,017,098	1,587,005	9,168,536	-	12,338	-	-	11,936,809
Transfer payments	18,628	2,495,529	173,373	-	28,705,697	826,482	1,713,756	-	33,933,465
Amortization of tangible capital assets	8,212,302	7,500,886	17,928,820	25,315,805	149,160	6,927,581	1,225	-	66,035,779
Other	4,672,421	835,412	436,084	2,549,511	18,439	815,579	483,398	-	9,810,844
	<b>57,757,630</b>	<b>123,792,759</b>	<b>64,290,699</b>	<b>86,560,544</b>	<b>29,417,371</b>	<b>41,960,182</b>	<b>11,052,087</b>	<b>-</b>	<b>414,831,272</b>
<b>Annual surplus (deficit)</b>	<b>255,861,761</b>	<b>(100,755,217)</b>	<b>(40,461,570)</b>	<b>690,476</b>	<b>(26,498,743)</b>	<b>(31,872,357)</b>	<b>19,211,592</b>	<b>104,687,889</b>	<b>180,863,831</b>

# The Corporation of the City of Barrie

## Notes to the consolidated financial statements

December 31, 2023

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### 21. Financial instruments and risk management

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category.

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - market based inputs other than quotes prices that are observable for the asset either directly or indirectly
- Level 3 - inputs for the assets or liabilities that are not based on observable market data

As at December 31, 2023, equity instruments and the interest rate swap are measured at fair value. Equity instruments (note 5) are classified as level 1 and the interest rate swap (note 9) is classified as level 3. During the year ended December 31, 2023, there were no transfers of financial instruments between level 1, level 2 and level 3.

The City is exposed to a variety of financial risks including credit risk, liquidity risk, and market risk.

#### *Credit risk*

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in financial loss to the City. The City is exposed to credit risk with respect to its cash and cash equivalents, accounts receivable, other receivables, promissory note receivable, portfolio investments and interest rate swap. Cash is held in highly rated chartered banks. Credit risk is mitigated by the financial solvency of the organizations with balances due to the City.

#### *Liquidity risk*

Liquidity risk is the risk that the City will encounter difficulty in meeting its obligations associated with financial liabilities as they come due. The City is exposed to liquidity risk with respect to its accounts payable and accrued liabilities and net long-term liabilities. To manage liquidity risk, the City monitors its operations and cash flows to ensure sufficient resources exist to meet obligations. The City also holds liquid investments easily converted to cash.

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of interest rate risk, currency risk, and other price risk. The City is exposed to interest rate risk through its net long-term liabilities and mitigates risk by issuing debt with a fixed interest rate unless there is a material financial advantage to enter into a variable interest rate and entering into an interest rate swap. The City is exposed to currency risk through its investments denominated in a foreign currency and other price risk through investments in equity instruments and bonds. The City mitigates currency risk and other price risk through regular monitoring by management.

### 22. Subsequent event

#### *Sale of Investment in Lake Simcoe Regional Airport Inc.*

Subsequent to the year end, on January 1, 2024, the City sold its investment in the Airport to the County of Simcoe. The City's ownership share decreased from 10% to 0%. An estimated loss on sale of \$740,000 will be recorded in 2024.

# The Corporation of the City of Barrie

Notes to the consolidated financial statements

December 31, 2023

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## 23. Corresponding amounts

Certain corresponding figures for 2022 relating to deferred revenue - obligatory reserve funds (Note 7) were reclassified between categories to conform to the current year's presentation with no impact on the balance of deferred revenue - obligatory reserve funds.

There were also figures for 2022 relating to expenses reclassified between categories on the consolidated statement of operations and in the segmented information (Note 20) to conform to the current year's presentation with no impact on the annual surplus.

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