

Consolidated Financial Statements

**CORPORATION OF THE  
CITY OF NORTH BAY**

Year ended December 31, 2015

# CORPORATION OF THE CITY OF NORTH BAY

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Year ended December 31, 2015

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Corporation of the City of North Bay (the "City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

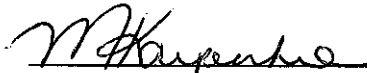
The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the City. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.



Interim Chief Administrative Officer  
Lea Janisse



Chief Financial Officer  
Margaret Karpenko



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of  
the Corporation of the City of North Bay

We have audited the accompanying consolidated financial statements of The Corporation of the City of North Bay which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of North Bay as at December 31, 2015 and its consolidated results of operations, its change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 13, 2016  
North Bay, Canada

# CORPORATION OF THE CITY OF NORTH BAY

## Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>FINANCIAL ASSETS:</b>		
Cash and cash equivalents (note 8)	\$ 23,526,006	19,302,918
Investments (note 4)	20,133,861	18,909,468
Taxes receivable	4,225,947	4,422,428
Accounts receivable (note 5)	9,081,884	8,494,320
Other assets	361,889	176,078
Loans receivable from government business enterprises (note 6(a)(viii) and (x))	6,648,292	4,724,290
Notes receivable from government business enterprises (note 6(a)(vii))	20,844,551	20,844,551
Investment in government business enterprises (note 6(b))	35,316,374	33,813,140
	<u>120,138,804</u>	<u>110,687,193</u>
<b>FINANCIAL LIABILITIES:</b>		
Accounts payable and accrued liabilities (note 7)	16,812,698	16,901,229
Deferred revenue - general	881,604	1,048,173
Deferred revenue - obligatory reserve funds (note 8)	3,868,744	3,784,702
Post-employment benefits and compensated absences payable (note 9)	15,019,400	14,109,066
Solid waste landfill closure and post-closure care liability (note 10)	2,344,308	2,291,658
Net long-term liabilities (note 11)	74,524,587	62,927,064
	<u>113,451,341</u>	<u>101,061,892</u>
<b>NET FINANCIAL ASSETS</b>	<b>6,687,463</b>	<b>9,625,301</b>
<b>NON-FINANCIAL ASSETS:</b>		
Tangible capital assets (note 23)	525,442,578	519,995,713
Other non-financial assets	2,127,870	2,382,643
Commitments (note 15)		
Contingent liabilities (note 16)		
Environmental indemnities (note 17)		
Liability for contaminated sites (note 18)		
<b>Accumulated surplus (note 13)</b>	<b>\$ 534,257,911</b>	<b>532,003,657</b>

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

On behalf of Council:



Mayor

  
Chief Financial Officer

# CORPORATION OF THE CITY OF NORTH BAY

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget (note 21)	2015 Total	2014 Total
<b>Revenue:</b>			
Property taxation	\$ 76,003,313	75,949,031	73,875,004
Taxation from other governments	3,929,922	3,861,646	3,922,512
User charges	32,960,413	31,842,183	31,705,216
Government transfers and grants	15,584,375	14,684,730	16,467,173
Licenses, permit fees and rents	1,816,213	2,011,490	1,898,491
Investment income	2,266,580	2,311,279	2,354,213
Provincial Offences Act (note 20)	1,670,000	1,607,285	1,602,733
Other	5,939,701	6,223,483	7,243,054
Equity earnings of government business enterprises (note 6(a))	525,000	2,337,694	2,257,310
	140,695,517	140,828,821	141,325,706
<b>Expenses:</b>			
General government	5,834,391	5,646,076	6,403,279
Protection services	37,358,470	37,669,364	36,548,175
Transportation services	36,056,607	34,443,670	36,868,739
Engineering and environmental services	27,451,115	26,232,921	25,109,228
Community services	15,920,547	15,907,002	15,687,313
Recreation and cultural services	15,215,976	14,892,521	15,559,117
Planning and development	1,958,125	2,320,608	1,866,413
	139,795,231	137,112,162	138,042,264
Annual surplus before undernoted item	900,286	3,716,659	3,283,442
Change in present value of hospital commitment (note 11(a)(iii))	-	(1,462,405)	-
Annual surplus	900,286	2,254,254	3,283,442
Accumulated surplus, beginning of year	532,003,657	532,003,657	528,720,215
Accumulated surplus, end of year	\$ 532,903,943	\$ 534,257,911	\$ 532,003,657

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

# CORPORATION OF THE CITY OF NORTH BAY

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget (note 21)	2015 Total	2014 Total
Annual surplus	\$ 900,286	2,254,254	3,283,442
Acquisition of tangible capital assets	(26,987,851)	(30,877,139)	(18,597,390)
Amortization of tangible capital assets	22,649,602	23,674,069	22,392,120
Loss (gain) on disposal of tangible capital assets and surplus land	-	1,587,660	(795,765)
Disposal proceeds	-	168,545	1,181,028
	(4,338,249)	(5,446,865)	4,179,993
Decrease in other non-financial assets	-	254,773	22,254
Change in net financial assets	(3,437,963)	(2,937,838)	7,485,689
Net financial assets, beginning of year	9,625,301	9,625,301	2,139,612
Net financial assets, end of year	\$ 6,187,338	6,687,463	9,625,301

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

# CORPORATION OF THE CITY OF NORTH BAY

## Consolidated Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Operating transactions:		
Annual surplus	\$ 2,254,254	3,283,442
Items not involving cash:		
Amortization of tangible capital assets	23,674,069	22,392,120
Equity earnings of government business enterprises	(2,337,694)	(2,257,310)
Increase in post-employment benefits and compensated absences payable	910,334	379,860
Increase in solid waste landfill closure and post-closure care liability	52,650	25,215
Loss (gain) on disposal of tangible capital assets and surplus land	1,587,660	(795,765)
Change in present value of hospital commitment	1,462,405	-
	<u>27,603,678</u>	<u>23,027,562</u>
Changes in non-cash operating balances (note 25)	(493,179)	3,144,034
	<u>27,110,499</u>	<u>26,171,596</u>
Capital transactions:		
Disposal proceeds	168,545	1,181,028
Acquisition of tangible capital assets	(30,877,139)	(18,597,390)
	<u>(30,708,594)</u>	<u>(17,416,362)</u>
Investing transactions:		
Change in portfolio investments	(1,224,393)	779,441
Loan receivable receipts	135,998	129,508
Loan receivable advances	(2,060,000)	(1,000,000)
Cash dividend received from government business enterprises	834,460	809,127
	<u>(2,313,935)</u>	<u>718,076</u>
Financing transactions:		
Proceeds from debt issues	19,451,075	-
Proceeds from interest free loan (note 11(a)(iv))	-	5,000,000
Debt repayments (note 11(a)(v))	(9,315,957)	(9,434,361)
	<u>10,135,118</u>	<u>(4,434,361)</u>
Net change in cash and cash equivalents	4,223,088	5,038,949
Cash and cash equivalents, beginning of year	19,302,918	14,263,969
Cash and cash equivalents, end of year	<u>\$ 23,526,006</u>	<u>19,302,918</u>

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



# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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The City of North Bay is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

## 1. Significant accounting policies:

The consolidated financial statements of the Corporation of the City of North Bay (the "City") are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the City are as follows:

### a) 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:

- North Bay Public Library Board
- North Bay Police Services Board
- Board of Management For The Downtown Improvement Area ("DIA")
- North Bay Hydro Holdings Limited ("Holdco")
- North Bay Jack Garland Airport Corporation ("Airport")

All interfund assets and liabilities and sources of financing and expenses have been eliminated.

#### ii) Investment in Government Business Enterprises:

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

- North Bay Hydro Distribution Limited
- North Bay Hydro Services Inc.

#### iii) Related entities:

The following joint local boards are not consolidated:

- East Nipissing District Home For The Aged ("Cassellholme")
- North Bay Parry Sound District Health Unit
- District of Nipissing Social Services Administration Board ("DNSSAB")

#### iv) Accounting for school board transactions:

The taxation, other revenues, expenses, assets and liabilities of Near North District School Board, Nipissing-Parry Sound Catholic District School Board, Conseil scolaire public du Nord-Est de L'Ontario, and Conseil scolaire catholique Franco-Nord are not reflected in these consolidated financial statements.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### b) Basis of accounting:

Sources of financing and expenses are reported on the accrual basis of accounting. This method recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### c) 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.

### d) Investments:

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted.

### e) Inventories:

Inventories of goods and supplies are priced at average cost on the same basis as the preceding year.

### f) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs attributable to acquisition or construction, development or betterment 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 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 the asset is available for productive use as follows:

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Land improvements	7 to 40 Years
Buildings	10 to 100 Years
Vehicles	2 to 30 Years
Machinery and equipment	3 to 40 Years
Computer hardware and software	4 Years
Roads infrastructure	5 to 40 Years
Water and sewer	75 Years
Bridges and structures	75 Years
Leasehold improvements	40 Years
Work-in-process	No Amortization Prior to Project Completion

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# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### g) Non-pension post retirement benefits and post employment sick leave 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:

#### i) Actuarial cost method:

Accrued benefit obligations are computed using the projected benefit method pro rated 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.

#### ii) 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.

#### iii) Accounting policies:

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSL") of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of 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.

### h) 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 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 tax billings are issued. Assessments and the 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 levied.

### i) 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. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### j) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the City:
  - (i) is directly responsible; or
  - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

### k) 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.

### l) 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.

### m) User fees and other revenues:

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

### n) Use of estimates:

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles established by PSAB 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. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant items subject to such estimates and assumptions include: solid waste landfill closure and post closure liabilities, employee future benefits, liability for contaminated sites, Provincial Offenses Act receivables, allowances for doubtful accounts and other accrued liabilities and/or obligations. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the year in which they become known.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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## 2. Adoption of new accounting standard:

On January 1, 2015, the City adopted PS 3260 Liability for Contaminated Sites. The standard was applied on a prospective basis and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the City.

## 3. Future Accounting Standards:

### a) Foreign currency translation:

PSAB released a standard related to Foreign Currency Translation (PS 2601). The standard applies to all local governments for fiscal years beginning on or after April 1, 2016. The standard requires exchange rates to be adjusted on the rate in effect at the financial statement date for monetary assets and liabilities denominated in foreign currency and non-monetary items included in the fair value category. Gains and losses yet to be settled are presented in the statement of re-measurement gains and losses. Gains and losses on long-term monetary assets and liabilities are amortized over the remaining term of the item. The City has not yet determined what, if any, financial reporting implications may arise from this standard.

### b) Financial instruments:

PSAB released a standard related to Financial Instruments (PS 3450). The standard applies to all local governments for fiscal years beginning on or after April 1, 2016. The standard applies to all types of financial instruments (primary and derivatives). In the year that the standard is adopted, Foreign Currency Translation (PS 2601) must also be adopted. The new standard requires equity and derivative instruments be measured at fair value, with changes in value being recorded in a statement of re-measurement gains and losses. The standard gives the option of cost/amortized cost vs. fair value for remaining instruments, which is elected upon by the government organization. The City has not yet determined what, if any, financial reporting implication may arise from this standard.

## 4. Investments:

	2015	2014
Investments - bonds and GICs	\$ 20,133,661	\$ 18,909,268
Other	200	200
Total investments, end of year	\$ 20,133,861	\$ 18,909,468

The City's investments totalling \$20,133,661 are reported at cost and mature between 2016 to 2021, with yields ranging from 1.25% to 3.75%. The current short-term portion equals \$5,266,789.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

## 5. Accounts receivable:

	2015	2014
Government of Canada	\$ 2,123,365	\$ 1,450,123
Province of Ontario	707,726	689,749
Other municipalities	30,569	3,195
North Bay Hydro Distribution Limited (note 6(a)(xi))	158,834	121,543
North Bay Hydro Services Inc. (note 6(a)(xii))	88,989	105,322
Other	5,972,401	6,124,388
Total accounts receivable	\$ 9,081,884	\$ 8,494,320

## 6. Government business enterprises:

### a) North Bay Hydro:

The City holds 100% of the shares of North Bay Hydro Holding Limited ("Holdco"). Holdco holds 100% of the shares of North Bay Hydro Distribution Limited ("Distribution") and North Bay Hydro Services Inc. ("Services"). The following provides condensed combined financial information for Distribution and Services.

	2015	2014
Combined Statement of Financial Position		
Total Assets	\$ 102,371,031	\$ 93,519,939
Total Liabilities	\$ 67,054,658	\$ 59,706,799
Net Assets	35,316,373	33,813,140
Total Liabilities and Net Assets	\$ 102,371,031	\$ 93,519,939
Combined Statement of Operations		
Total Revenue	\$ 75,011,096	\$ 73,799,881
Total Expenses	72,673,402	71,542,571
Net income	\$ 2,337,694	\$ 2,257,310

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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## 6. Government business enterprises (continued):

During the year, Distribution and Services transitioned to International Financial Reporting Standards ("IFRS"). These entities applied IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS) in the preparation of their first IFRS financial statements for the year ended December 31, 2015. The City included this adjustment prospectively for the purpose of preparing the consolidated financial statements and the change of \$472,828 is reflected in the equity earnings of the government business enterprise in the year.

Related party transactions between Hydro and the City are summarized as follows:

- i) The City purchased electricity and services from Distribution including electrical energy in the amount of \$2,701,032 (2014 - \$2,523,615), street light energy in the amount of \$731,661 (2014 - \$726,123), construction activity in the amount of \$89,451 (2014 - \$86,099) and street light maintenance in the amount of \$10,921 (2014 - \$43,649).
- ii) The City purchased street light maintenance from Services in the amount of \$24,287 (2014 - \$4,830).
- iii) The City received municipal taxes from Distribution in the amount of \$76,896 (2014 - \$66,357).
- iv) Distribution purchased goods and services from the City totalling \$273,002 (2014 - \$229,340).
- v) Services purchased methane gas from the City totalling \$325,633 (2014 - \$370,695).
- vi) The City received Conservation and Demand Management incentives from Distribution totalling \$135 (2014 - \$118,982).
- vii) The City holds two promissory notes: (a) \$19,511,601 payable from Distribution and (b) \$1,332,950 payable from Services, totalling \$20,844,551 (2014 - \$20,844,551). Note (a) is unsecured, due no later than November 1, 2016 and bears interest of 5% per annum. Note (b) bears interest at 5% per annum and is due no later than November 1, 2017.
- viii) The City holds a loan receivable from Distribution related to the Merrick Landfill project. The loan bears interest at 4.90% and is receivable in monthly principal and interest instalments. Under the original terms of the agreement the loan was repayable over 20 years. The City has called the loan and the remaining principal balance is due no later than November 1, 2018. The balance at December 31, 2015 is \$3,588,292 (2014 - \$3,724,290).
- ix) The City received interest in the amount of \$975,580 (2014 - \$975,580) from promissory note (a) and \$66,648 (2014 - \$66,648) from promissory note (b).
- x) The City holds a term loan receivable from Services for the development of a co-generation plant at the North Bay Regional Health Centre. The maximum principal amount of the loan is \$4,100,000 with interest at the Infrastructure Ontario Construction Rate for Power Generation Providers, to be advanced on the basis of progress payments. Interest incurred on the interim advances totalling \$41,716 (2014 - \$955) as at December 31, 2015 will be added to the principal amount payable. At project completion the loan will bear interest at 3.60% and is receivable in monthly principal and interest instalments and payable in full no later than November 2, 2018. Interim advances at December 31, 2015 total \$3,060,000 (2014 - \$1,000,000).
- xi) At December 31, 2015, the City balances include accounts receivable of \$158,834 (2014 - \$121,543) and accounts payable and accrued liabilities of \$307,851 (2014 - \$394,648) due to/from Distribution.
- xii) At December 31, 2015, the City balances include accounts receivable of \$88,989 (2014 - \$105,322) and accounts payable and accrued liabilities of \$18,372 (2014 - \$3,536) due to/from Services.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

## 6. Government business enterprises (continued):

### b) Investment in government business enterprises:

	2015	2014
Investment in government business enterprises, beginning of year	\$ 33,813,140	\$ 32,364,957
Equity in earnings	2,337,694	2,257,310
Cash dividend received	(834,460)	(809,127)
Investment in government business enterprises, end of year	\$ 35,316,374	\$ 33,813,140

## 7. Accounts payable and accrued liabilities:

	2015	2014
Government of Canada	\$ 180,558	\$ 146,080
Other municipalities	105,305	313,936
Interest on debt	113,894	113,679
Trade accounts payable	3,987,235	4,619,174
North Bay Hydro Distribution Limited (note 6 (a) (xi))	307,851	394,648
North Bay Hydro Services Inc. (note 6 (a) (xii))	18,372	3,536
Other	12,099,483	11,310,176
Total accounts payable and accrued liabilities	\$ 16,812,698	\$ 16,901,229

## 8. Deferred revenue - obligatory reserve funds:

	2015	2014
Balance, beginning of the year	\$ 3,784,702	\$ 3,737,051
Federal gas tax contributions	3,106,974	3,195,428
Provincial gas tax contributions	930,098	495,603
Ontario community infrastructure fund contributions	605,557	-
Development contributions	307,754	278,176
Investment income	83,480	85,525
Utilization of funds	(4,949,821)	(4,007,081)
Deferred revenue - obligatory reserve funds, end of year	\$ 3,868,744	\$ 3,784,702
Analyzed as follows:		
Development charges	\$2,272,158	\$ 2,626,355
Federal gas tax contributions	52,466	7,102
Provincial gas tax contributions	555,208	128,893
Cash in lieu of parkland	626,096	612,229
Building Code Act	362,816	410,123
Deferred revenue - obligatory reserve funds, end of year	\$ 3,868,744	\$ 3,784,702

Included in cash and cash equivalents is restricted amounts of \$3,868,744 (2014 - \$3,784,702) with respect to the above obligatory reserve funds.



# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

## 9. Post employment benefits and compensated absences payable:

	2015	2014
Sick leave benefits	\$ 7,782,300	\$ 7,404,732
Supplementary health benefits	7,237,100	6,704,334
<b>Total post employment benefits and compensated absences payable</b>	<b>\$ 15,019,400</b>	<b>\$ 14,109,066</b>

The City maintains a vested sick leave plan covering all Fire Association employees hired before December 31, 1997, Police Services Board and Police Association employees hired before September 1, 1977, all Library employees hired prior to August 31, 1987, and all other employees with at least five years of service hired prior to September 30, 1980.

The above sick leave benefit liability estimate includes compensated absences equal to the use of accumulated sick leave prior to retirement as well as any lump-sum payments upon retirement.

In addition, the City has a defined supplementary health benefit plan covering eligible City employees, Fire Association employees, Police Association employees and Library employees who retire from current employment. The above supplementary health benefit liability estimates the expense of each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement up to the age of 65.

Information about the City's defined supplementary health benefit and sick leave plan is as follows:

	2015	2014
Sick leave benefits:		
Accrued benefit, beginning of year	\$ 7,404,732	\$ 7,152,596
Amortization of unamortized actuarial gains/losses and other	199,568	152,073
Service cost for the year	692,500	1,003,918
Interest expense for the year	290,100	353,537
Benefits paid during the year	(804,600)	(1,257,392)
<b>Accrued benefit liability and projected obligation, end of year</b>	<b>\$ 7,782,300</b>	<b>\$ 7,404,732</b>
Supplementary health benefits:		
Accrued benefit, beginning of year	\$ 6,704,334	\$ 6,576,610
Amortization of unamortized actuarial gains/losses and other	43,766	24,448
Service cost for the year	374,900	309,941
Plan amendments incurred in year	239,600	-
Interest expense for the year	258,100	295,002
Benefits paid during the year	(383,600)	(501,667)
<b>Accrued benefit liability and projected obligation, end of year</b>	<b>\$ 7,237,100</b>	<b>\$ 6,704,334</b>

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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## 9. Post employment benefits and compensated absences payable (continued):

A comprehensive actuarial valuation was completed as at December 31, 2015 by an actuarial firm. The next valuation date will be as at December 31, 2019. The main actuarial assumptions employed for the valuations are as follows:

- i) The discount rate for supplemental health benefits was assumed at 3.40% per annum for Accrued Benefit Obligation ("ABO") (2014 - 4.25%) and 3.40% per annum for the 2015 expense (2014 - 4.25%).
- ii) The discount rate for sick leave benefits was assumed at 3.10% per annum for Accrued Benefit Obligation ("ABO") (2014 - 4.25%) and 3.10% per annum for the 2015 expense (2014 - 4.25%).
- iii) Future general salary and wage levels were assumed to increase 3% per annum.
- iv) Health costs were assumed at 6.61% per annum for 2015, reducing by 0.13% annually to 4.00% in 2036.
- v) Dental costs were assumed to increase at 4% per annum.
- vi) The expected average remaining service life is 14 years for non-pension post retirement benefits and 11 years for post employment benefits.

## 10. Solid waste landfill closure and post-closure care liability:

The City owns two solid waste landfill sites. The Merrick Landfill site ("Merrick") has been accepting waste since 1994. The Marsh Drive Landfill site ("Marsh") has been closed since the opening of Merrick. Environmental approvals for the operation of landfill sites require that the City accept responsibility for certain obligations regarding closure and post-closure care of each site.

Closure activities include all activities related to closing the landfill site. Through a proactive closure plan, many closure costs are incurred on an on-going basis and are included in the yearly fiscal operating budget. Taking this into consideration, it is assumed that this will result in minimal closure costs at the actual closure date with expenses being absorbed in the annual operating budget.

Post-closure activities include all activities related to monitoring the site once it can no longer accept waste. These costs are expected to last for an indeterminate time period, but at a minimum, would exceed 20 years.

There are currently no reserves set aside for either closure or post-closure activities. The Merrick site has remaining capacity of 1,289,000 cubic metres of waste and is estimated to have a remaining landfill life of approximately 19.5 years. The City recognizes a future liability for closure and post-closure care costs. Based on historical post closure costs for Marsh and an estimated annual inflation rate of 2%, an amount is estimated at December 31, 2015 for the current year post-closure liability of both sites in the amount of \$2,344,308 (2014 - \$2,291,658) and has been accrued in the consolidated financial statements. Based on a 35 year liability assumption, the total estimated future expenditures for post-closure of both Merrick and Marsh landfill is \$5,823,668 (2014 - \$5,709,800) of which \$3,479,360 (2014 - \$3,418,142) represents the amount of Merrick site future post-closure liability yet to be accrued.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

## 11. Net long-term liabilities:

- a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2015	2014
Debentures (i)	\$ 52,507,321	\$ 40,364,619
Term loans (ii)	8,000,000	9,500,000
Hospital commitment (iii)	9,519,733	8,383,844
Interest free loan (iv)	4,497,533	4,678,601
<b>Total net long-term liabilities (v)</b>	<b>\$ 74,524,587</b>	<b>\$ 62,927,064</b>

- (i) The debentures bear interest at rates of 2.02% to 5.15%, repayable in annual principal payments of \$3,181,000 (2014 - \$3,605,000) and semi-annual principal payments of \$275,000 (2014 - \$380,775) and monthly principal payments of \$355,994 (2014 - \$193,902) plus interest, maturing in December 2016 to December 2027.
- (ii) The term loans bear interest at rates of 2.85% to 4.61%, repayable in semi-annual principal payments of \$200,000 (2014 - \$200,000) and quarterly principal payments of \$275,000 (2014 - \$275,000) plus interest, maturing in December 2018 to December 2021.
- (iii) During 2003, the City passed a resolution committing to pay \$1,000,000 per year for 20 years to the North Bay Regional Health Centre capital project. As at December 31, 2006, a formal agreement was executed which became effective when the construction tender for the new hospital was awarded. In 2007, the City made the first of 20 annual payments. The City and the North Bay Regional Health Centre have renegotiated the terms of the remaining commitment. Under the new terms, the outstanding balance is due no later than November 2016 and a discount rate of 3% is to be used to determine the present value of the outstanding payments. The change in estimate resulted in an increase in the present value of the commitment of \$1,462,405 for a total commitment of \$9,519,733.
- (iv) During 2013, the City signed an agreement with the North Bay Battalion Hockey Club Ltd. The agreement included a non-interest bearing loan granted to the City in the amount of \$5,000,000 to be applied to the construction and installation of the capital improvements to Memorial Gardens arena. The loan payments are equal to 50% of the capital reserve fund fees collected on ticket sales until \$1,100,000 is repaid to the Battalion. Thereafter, the repayments shall be based on 100% of the capital reserve fund fees collected on ticket sales. The minimum annual repayment is equal to \$135,000. In 2015, repayments totalling \$181,068 were made. The loan shall be repaid in full not later than July 30, 2028.
- (v) Total 2015 principal payments for long-term liabilities totalled \$9,315,957 (2014 - \$9,434,361).

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

## 11. Net long-term liabilities (continued):

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

	2015
2016	\$ 19,157,663
2017	9,105,930
2018	8,590,930
2019	7,778,930
2020	6,870,930
2021 thereafter	23,020,204
<b>Total net long-term liabilities</b>	<b>\$ 74,524,587</b>

The repayments are summarized as follows:

From municipal revenues	\$ 50,883,566
From user fees	23,641,021
<b>Total net long-term liabilities</b>	<b>\$ 74,524,587</b>

The repayments to be funded by municipal revenues include \$9,519,733 for the discounted hospital commitment noted in part 11(a). The requirement to be funded through user fees includes a \$5,700,000 debenture for the water filtration plant that will be recovered from a water filtration plant surcharge over the next 12 years. The water filtration surcharge will equal up to a maximum of principal debenture plus interest. The requirement to be funded through user fees also includes the \$4,497,533 interest free loan for capital improvements to Memorial Gardens noted in part 11(a) that will be recovered from capital reserve fund fees collected on ticket sales.

c) The long-term liabilities reported in 11(a), 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.

## 12. Interest on long-term liabilities:

Total interest charges for the year on long-term liabilities reported in the Consolidated Statement of Operations are as follows:

	2015	2014
General government	\$ 19,638	\$ 23,770
Protection services	40,868	46,910
Transportation services	718,299	829,818
Engineering and environmental services	630,072	604,313
Community services	498,484	541,160
Recreation and cultural services	286,365	336,568
<b>Total interest payments</b>	<b>\$ 2,193,726</b>	<b>\$ 2,382,539</b>

Interest includes accruals on long-term liabilities outstanding in the amount of \$113,894 (2014 - \$113,679).

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

## 13. Accumulated surplus:

	2015	2014
Investment in tangible capital assets	\$ 525,442,578	\$ 519,995,713
General surplus	12,204,939	9,145,599
Reserve funds	32,337,764	27,532,442
Equity in government business enterprises	56,160,925	54,657,691
Amounts to be recovered:		
Post employment benefits and compensated absences	(15,019,400)	(14,109,066)
Landfill closure and post-closure liabilities	(2,344,308)	(2,291,658)
Hospital commitment	(9,519,733)	(8,383,844)
Debt for tangible capital assets	(65,004,854)	(54,543,220)
Accumulated surplus, end of year	\$ 534,257,911	\$ 532,003,657

## 14. Pension agreements:

The City makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of all permanent, full-time and qualifying part-time members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 461,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("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. On December 31, 2015, the estimated accrued pension obligation for all members of the Plan was \$81.9 billion (2014 - \$76.9 billion). The Plan had an actuarial value of net assets at that date of \$77 billion (2014 - \$72 billion) indicating an actuarial deficit of \$7.0 billion (2014 - \$7.1 billion). 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 2015 were \$5,092,519 (2014 - \$4,531,936).

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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## 15. Commitments:

- a) In June 2010, the City entered into a new 10 year agreement in principle (including two five year optional extensions by mutual consent) with Miller Waste to operate the waste collection and recycling collection/processing programs. The agreement includes residential, ICI curb side and multi-residential services. The agreement also contains a performance bond for 100% of the annual value of the work should Miller be unable to fulfill the requirements of the contract.

In 2015 costs totalled \$1,022,618 (2014 - \$1,025,581) for waste collection and \$679,230 (2014 - \$731,393) for recycling.

- b) In September 2008, the City entered into a 10 year contract for the lease of property and building located at 112 Patton Street. Operating from this location is a recycling center processing recyclables collected from a provincially mandated blue box program.

In 2015 lease costs totalled \$96,841 (2014 - \$94,332).

- c) In the fall of 2010, the City tendered the operation of the City's Landfill operation. The City entered into a 5 year contract that included a 1 year option to extend the contract with Bruman Construction & Leasing on January 24, 2011.

In 2015 the contract costs to operate the landfill totalled \$893,954 (2014 - \$907,700).

In December 2015, the City awarded a contract for the operation of the City's Landfill operation to begin January 2016. The City entered into a 5 year contract with Bruman Construction Inc. on February 8, 2016.

- d) In 1990, the City entered into an agreement with the Physically Handicapped Adults Rehabilitation Association ("PHARA") to provide drivers for Para bus services. The agreement renews on a yearly basis unless one of the parties notifies the other of its intention not to renew the contract.

In 2015 contract costs totalled \$490,205 (2014 - \$515,019).

## 16. Contingent liabilities:

The City has been named in litigation matters, the outcome of which is not determinable and accordingly, no provision has been made for them in these financial statements. Should any loss result from these claims, that is not covered by insurance, such loss would be charged to operations in the year of resolution.

## 17. Environmental indemnities:

- a) During 2002, the City acquired 26 acres of former rail yards from the Canadian Pacific Railway ("Railway") on an "as is" basis, whereby both the City and the Railway will be responsible for any claims arising from the condition of the soils, until such time as the City leases or transfers the lands to a third party.

Five of these acres were transferred to a third party on February 17, 2006 and the City has given an indemnity for any soils claims arising there from. Payment in the amount of \$1,060,000 was received and a Certificate of Property Status and Record of Site Condition was filed with the Ministry of the Environment by the City's agent.

As for the balance of these lands, the City has remedied the lands according to the Risk Management Plan approved by the Ministry of Environment using Site Specific Risk Assessment criteria.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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## 17. Environmental indemnities (continued):

The Risk Management Plan includes a monitoring program to ensure that the site develops in compliance with clean up and/or proposed barriers from soil exposure risks and to determine how groundwater contamination may be evolving and migrating across the site over time. The clean up of diesel contaminated soils also has associated short-term monitoring requirements. Monitoring is also carried out on down gradient lands owned by the City including sediment sampling in Lake Nipissing.

Monitoring costs in 2015 were \$27,357 (2014 - \$50,807) and data is summarized in annual reports provided to the Ministry of Environment.

- b) In 2003, the City sold land (Part of Parcel 2133 Widdifield and Ferris, Part of the Southern Half of Lot 18, Concession D, Being Part 12, Plan 36R City of North Bay) for use as a paved parking area and agreed to indemnify the purchaser from any claim or demand resulting from the presence of existing hydrocarbon materials identified by WESA dated October 2003 on the associated land. The agreement also commits the City to future costs of removing contaminants (if still present) due to sale of the land. The lands are below hydrocarbon levels specified by the Ministry of Environment's Table B Guidelines for Industrial/Commercial Lands on a stratified basis, understanding the intended use of the land as being paved parking. An environment liability could result if there is a change in land use.

An estimate of contingent liability is undeterminable and accordingly provisions have not been made for liabilities, if any, in these consolidated financial statements.

## 18. Liability for contaminated sites:

The City has identified a potential liability for a contaminated site known as the Kenroc Site. This site was a former industrial parcel on Memorial Drive. An estimate of the liability for the contaminated site could not be reasonably estimated. This site is currently vacant and no remediation is required at this time.

A liability for contaminated sites will be recognized in these consolidated financial statements, if required, when a future use of the site is known.

## 19. Public liability insurance:

For the period of 2004 to 2007, the City was insured with the Ontario Municipal Insurance Exchange ("OMEX"), an insurance reciprocal whose members pool their insurance coverage. As a member of a reciprocal, the City agreed to assume a certain percentage of the entire group's liabilities and losses for the period of time that the City was a member. In the event that an annual premium funding becomes insufficient to cover claims and claim reserves, the reciprocal has the ability to re-assess each member to appropriately fund the difference. As the claims for the above-noted period are settled, the City may either incur new liabilities or receive refunds. As at December 31, 2015, the City's portion of the claim reserve was \$721,498 and 49 claims are open for the above-noted period.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

## 20. Provincial Offences Act:

The Ministry of the Attorney General requires all municipal partners administering 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 table below is presented on an accrual basis of accounting whereas distributions to participating partners are on done a cash basis. The following table provides condensed financial information required by the terms in the Memorandum of Understanding (MOU) for its 2015 fiscal year with comparative 2014 figures:

	2015	2014
Revenues (net of refunds)	\$ 1,576,441	\$ 1,717,262
Year end accrual	30,844	(114,529)
	1,607,285	1,602,733
Expenses: Provincial charges	157,243	176,647
City operating	1,122,443	1,044,237
	1,279,686	1,220,884
Net revenue	327,599	381,849
Participating partners share	141,392	192,501
City of North Bay share	\$ 186,207	\$ 189,348

The City's consolidated statement of operations includes an accrual for POA receivables in the amount of \$291,491 (2014 - \$260,647). The calculation for collectible accounts receivables was estimated based on a five-year trend.

## 21. Budget:

Budget data presented in these consolidated financial statements is based on the 2015 operating, water and sewer operating and capital budgets approved by Council. The chart below reconciles the approved net budget figure prepared on a cash basis with the budget figures presented in these consolidated financial statements. Budget figures have been reclassified for purposes of these consolidated financial statements to comply with PSAB reporting requirements.

	2015
Budget By-law for the year	\$ 10,502
Add: Debt principal repayments	9,960,342
Investment in tangible capital assets	26,987,851
Less: Other transfers and adjustments	(1,496,780)
Amortization of tangible capital assets	(22,649,602)
Post employment benefits and compensated absences payable	(386,812)
Landfill closure and post-closure liabilities	(25,215)
Debt proceeds	(11,500,000)
Budget surplus per statement of operations	\$ 900,286



# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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## **22. Credit facility agreement:**

The City has a credit facility agreement with a Canadian Financial Institution bearing interest at the bank's prime rate less 0.50%. The maximum draw under the terms of the operating line are \$12 million. At year-end the City has not utilized any amount under this credit facility.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

## 23. Tangible capital assets:

	Land & Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computer Hardware & Software	Roads infrastructure	Water & Sewer	Bridges & Structures	Leasehold Improvements	Work in Process	2015 Total
Cost, beginning of year	\$ 108,086,446	130,639,823	29,715,904	79,147,396	4,613,590	242,396,759	201,975,703	37,002,061	1,851,577	29,795,673	865,224,932
Additions during the year	2,679,698	711,252	1,806,773	10,803,482	275,230	11,315,358	16,527,952	2,504,871	-	8,570,523	55,195,139
Disposals during the year	(597,837)	(165,143)	(2,238,224)	(469,378)	-	(3,572,667)	(585,857)	(276,567)	-	(24,318,000)	(32,223,673)
Cost, end of year	110,168,307	131,185,932	29,284,453	89,481,500	4,888,820	250,139,450	217,917,798	39,230,365	1,851,577	14,048,196	888,196,398
Accumulated amortization, beginning of year	49,905,971	34,518,630	17,261,519	40,772,314	4,109,799	117,585,034	69,668,188	11,222,608	185,156	-	345,229,219
Amortization expense	3,568,628	2,891,458	2,077,505	4,413,108	312,264	6,893,197	2,950,694	520,926	46,289	-	23,674,069
Disposals during the year	(501,825)	(111,006)	(2,178,596)	(408,470)	-	(2,485,126)	(284,973)	(179,472)	-	-	(6,149,468)
Accumulated amortization, end of year	52,972,774	37,299,082	17,160,428	44,776,952	4,422,063	121,993,105	72,333,909	11,564,062	231,445	-	362,753,820
Net book value, beginning of year	58,180,475	96,121,193	12,454,385	38,375,082	503,791	124,811,725	132,307,515	25,779,453	1,666,421	29,795,673	519,995,713
Net book value, end of year	\$ 57,195,533	93,886,850	12,124,025	44,704,548	466,757	128,146,345	145,583,889	27,666,303	1,620,132	14,048,196	525,442,578

	Land & Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computer Hardware & Software	Roads infrastructure	Water & Sewer	Bridges & Structures	Leasehold Improvements	Work in Process	2014 Total
Cost, beginning of year	\$ 106,288,725	109,741,623	32,497,777	74,688,685	5,902,237	238,830,951	193,088,237	35,420,722	1,851,577	55,716,916	854,027,450
Additions during the year	1,797,721	20,911,982	1,112,440	5,358,254	111,129	4,573,143	8,982,128	1,671,836	-	11,728,939	56,247,572
Disposals during the year	-	(13,782)	(3,894,313)	(899,543)	(1,399,776)	(1,007,335)	(94,662)	(90,497)	-	(37,650,182)	(45,050,090)
Cost, end of year	108,086,446	130,639,823	29,715,904	79,147,396	4,613,590	242,396,759	201,975,703	37,002,061	1,851,577	29,795,673	865,224,932
Accumulated amortization, beginning of year	46,319,437	31,738,575	18,745,979	38,022,478	5,176,048	112,059,181	66,944,391	10,706,788	138,867	-	329,851,744
Amortization expense	3,586,534	2,792,168	2,251,875	3,606,908	333,527	6,406,739	2,763,595	604,485	46,289	-	22,392,120
Disposals during the year	-	(12,113)	(3,736,335)	(857,072)	(1,399,776)	(880,886)	(39,798)	(88,665)	-	-	(7,014,645)
Accumulated amortization, end of year	49,905,971	34,518,630	17,261,519	40,772,314	4,109,799	117,585,034	69,668,188	11,222,608	185,156	-	345,229,219
Net book value, beginning of year	59,969,288	78,003,048	13,751,798	36,666,207	726,189	126,771,770	126,143,846	24,713,934	1,712,710	55,716,916	524,175,706
Net book value, end of year	\$ 58,180,475	96,121,193	12,454,385	38,375,082	503,791	124,811,725	132,307,515	25,779,453	1,666,421	29,795,673	519,995,713

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Financial Statements

Year ended December 31, 2015

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## 24. Segmented information:

For each reported segment, revenues and expenditures represent both amounts that are directly attributed to the segment, as well as amounts that are allocated to the segments on a reasonable basis. The accounting policies followed in the segments are consistent with the accounting policies followed in the preparation of these consolidated financial statements as disclosed in note 1. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

### a) General Government:

General Government consists of the Office of the Mayor, Council expenses, Administrative Services (including Clerks, Elections, Communications, Legal and Information Technology Services), Human Resources and Financial Services Departments. Areas within the General Government respond to the needs of external and internal clients by providing high quality, supportive and responsive services. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues, relating to governance, strategic planning and service delivery.

### b) Protection Services:

Protection Services is comprised of Fire, Police, contributions to the North Bay Mattawa Conservation Authority, contributions to the North Bay Humane Society, Building Services and management of Provincial Offences Act. Police services provides adequate and effective policing that meet the needs of the community in areas of: crime prevention, law enforcement, assistance to victims of crime, public order and emergency response. Fire Protection includes fire suppression services, fire prevention programs, fire safety education, rescue and emergency services and the training of persons involved in the provision of these activities. The Building Services Department processes permit applications and ensures compliance with the Ontario Building Code and with By-Laws enacted by Council.

### c) Transportation Services:

Transportation Services consists of year-round road maintenance, parking, traffic signals, street lighting, transit services and air transportation. Activities include the maintenance of roadsides defined as sidewalks and walkways. This service is responsible for the operational integrity of the roadway system through year-round surface maintenance and winter maintenance. The parking department provides and manages public parking both on and off street and ensures that available parking spaces are shared between both long and short-term parkers to allow the greatest possible access for visitors to the central business district. Traffic signal services provide the planning, design, operation and maintenance of the City's street lights and traffic signal networks. Public transit is responsible for the operation of a public transportation system including the maintenance and repairs of the fleet of transit buses. This section also provides for the revenues and expenses of the North Bay Jack Garland Airport Corporation.

### d) Engineering and Environmental Services:

Environmental services consists of water supply and distribution, wastewater treatment, storm sewer systems, waste collection, waste disposal and recycling. This division ensures the supply and quality of the City's drinking water, processes and cleans wastewater to meet all provincial standards and provides waste disposal and recycling services.

### e) Community Services:

The City provides transfer payments to public health services works to improve the overall health of the population by providing various services to individuals and the community. Social and family services provides services that are meant to help the less fortunate in society. Social housing is provided to help shelter families and elderly in need. Childcare funding is provided to subsidize daycares and to provide early learning programs. The ambulance service transports the injured to the hospital and provides emergency medical care to those in need.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Financial Statements

Year ended December 31, 2015

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## 24. Segmented information (continued):

### f) Recreation and Cultural Services:

Recreation and Cultural Services includes parks services, recreational programs, recreation facilities, the library, and other cultural services and activities. Parks and recreation services develop and deliver high-quality recreational programs, and develop and maintain recreational facilities, parks and sports fields. Library services provide library services to the citizens. Recreational and cultural programs include festivals and various community events.

### g) Planning and Development:

Planning and development includes: planning and economic development departments. The planning department is responsible for the planning and review of property development plans and the City's future direction. Economic development generates opportunities in the community to strengthen the economic base of the City.

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

## 24. Segmented information:

	General Government	Protection	Transportation	Engineering & Environmental	Community Services	Recreation & Cultural	Planning & Development	2015 Total
<b>Revenues:</b>								
Property taxation	\$ -	-	-	-	-	-	-	75,949,031
Taxation from other governments	-	-	-	-	-	-	-	3,861,646
User charges	286,438	365,321	6,540,362	23,098,652	-	1,455,877	95,533	31,842,183
Government transfers and grants	21,000	1,132,775	4,364,929	740,164	7,357,700	-	165,155	14,684,730
License, permits fees and rents	1,136,457	-	-	-	-	875,033	-	2,011,490
Investment income	2,303,930	-	7,349	-	-	-	-	2,311,279
Provincial Offences Act	-	1,607,285	-	-	-	-	-	1,607,285
Other	2,090,996	666,896	851,584	1,629,465	-	816,408	168,134	6,223,483
Equity in earnings of government business enterprises	-	-	-	-	-	-	-	2,337,694
	5,838,821	3,772,277	11,764,224	25,468,281	7,357,700	4,050,325	428,822	140,828,821
<b>Expenses:</b>								
Salary and benefits	2,484,598	31,848,051	10,621,170	8,058,764	-	7,137,548	1,274,543	61,424,674
Materials	346,799	2,769,340	7,727,455	6,145,049	-	3,563,397	973,419	21,525,459
Contracted services	789,211	1,576,316	1,812,772	4,372,149	-	1,064,126	57,189	9,671,763
Rents, financial and loss on disposal of tangible capital assets	60,189	88,775	1,427,298	562,142	-	234,044	9,475	2,381,923
External transfers	-	472,192	-	-	15,408,518	359,838	-	16,240,548
Interest	19,638	40,868	718,299	630,072	498,484	286,365	-	2,193,726
Amortization of tangible capital assets	1,945,641	873,822	12,136,676	6,464,745	-	2,247,203	5,982	23,674,069
	5,646,076	37,669,364	34,443,670	26,232,921	15,907,002	14,892,521	2,320,608	137,112,162
Annual surplus (deficit) before undernoted item	192,745	(33,897,087)	(22,679,446)	(764,640)	(8,549,302)	(10,842,196)	(1,891,786)	3,716,659
Change in present value of hospital commitment								(1,462,405)
Annual surplus (deficit)	\$ 192,745	(33,897,087)	(22,679,446)	(764,640)	(8,549,302)	(10,842,196)	(1,891,786)	2,254,254

	General Government	Protection	Transportation	Engineering & Environmental	Community Services	Recreation & Cultural	Planning & Development	2014 Total
<b>Revenue:</b>								
Property taxation	\$ -	-	-	-	-	-	-	73,875,004
Taxation from other governments	-	-	-	-	-	-	-	3,922,512
User charges	291,104	351,251	6,407,515	23,097,014	-	1,466,418	91,914	31,705,216
Government transfers and grants	6,346	1,319,249	4,671,994	1,769,381	7,928,500	621,626	150,077	16,467,173
License, permits fees and rents	977,871	-	-	-	-	920,620	-	1,898,491
Investment income	2,344,429	-	9,784	-	-	-	-	2,354,213
Provincial Offences Act	-	1,602,733	-	-	-	-	-	1,602,733
Other	2,827,500	712,896	536,310	1,880,921	-	1,048,288	237,139	7,243,054
Equity in earnings of government business enterprises	-	-	-	-	-	-	-	2,257,310
	6,447,250	3,986,129	11,625,603	26,747,316	7,928,500	4,056,952	479,130	141,325,706
<b>Expenses:</b>								
Salary and benefits	2,723,167	30,672,713	11,172,066	7,987,053	-	7,230,513	1,212,372	60,997,884
Materials	668,763	2,798,533	11,055,089	6,722,863	-	4,114,287	577,883	25,937,418
Contracted services	758,685	1,581,606	1,960,900	4,145,367	-	1,042,160	59,344	9,548,062
Rents and financial	105,939	60,532	316,202	187,061	-	98,570	9,235	777,539
External transfers	-	515,541	-	-	15,146,153	345,008	-	16,006,702
Interest	23,770	46,910	829,818	604,313	541,160	336,568	-	2,382,539
Amortization of tangible capital assets	2,122,955	872,340	11,534,664	5,462,571	-	2,392,011	7,579	22,392,120
	6,403,279	36,548,175	36,868,739	25,109,228	15,687,313	15,559,117	1,866,413	138,042,264
Annual (deficit) surplus	\$ 43,971	(32,562,046)	(25,243,136)	1,638,088	(7,758,813)	(11,502,165)	(1,387,283)	3,283,442

# CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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## 25. Change in non-cash working capital:

	2015	2014
Decrease (increase) in taxes receivable	\$ 196,481	\$ (360,376)
Decrease (increase) in accounts receivable	(587,564)	6,992,325
Decrease (increase) in other financial assets	(185,811)	4,702
Increase (decrease) in accounts payable and accrued liabilities	(88,531)	(3,723,599)
Increase (decrease) in deferred revenue	(166,569)	161,077
Increase in obligatory reserve fund	84,042	47,651
Decrease in other non-financial assets	254,773	22,254
	<u>\$ (493,179)</u>	<u>\$ 3,144,034</u>

## 26. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year. The changes do not affect the prior annual surplus.