

Consolidated Financial Statements

**THE CORPORATION OF THE  
CITY OF NORTH BAY**

Year ended December 31, 2018

# THE CORPORATION OF THE CITY OF NORTH BAY

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Year ended December 31, 2018

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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.

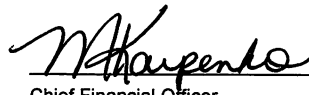
Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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



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Chief Administrative Officer  
David Euler  
June 18, 2019



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Chief Financial Officer  
Margaret Karpenko  
June 18, 2019



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## Independent Auditor's Report

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

### Opinion

We have audited the consolidated financial statements of The Corporation of the City of North Bay (the Entity), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of operations, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations 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. 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 these 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 the assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Entity'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 Entity'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 Entity 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.

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

North Bay, Ontario  
June 18, 2019

# THE CORPORATION OF THE CITY OF NORTH BAY

## Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>FINANCIAL ASSETS:</b>		
Cash and cash equivalents (note 7)	\$ 38,959,082	33,813,494
Investments (note 3)	36,748,086	38,955,978
Taxes receivable	3,726,536	4,428,783
Accounts receivable (note 4)	10,047,620	9,835,373
Other assets	1,148,814	597,578
Investment in government business enterprises (note 5(b))	42,312,586	40,143,955
	<u>132,942,724</u>	<u>127,775,161</u>
<b>FINANCIAL LIABILITIES:</b>		
Accounts payable and accrued liabilities (note 6)	20,144,975	18,953,206
Deferred revenue - general	957,649	380,560
Deferred revenue - obligatory reserve funds (note 7)	6,430,938	6,030,214
Post-employment benefits and compensated absences payable (note 8)	17,491,300	16,870,000
Solid waste landfill closure and post-closure care liability (note 9)	2,595,422	2,471,134
Net long-term liabilities (note 10)	48,654,250	58,573,430
	<u>96,274,534</u>	<u>103,278,544</u>
<b>NET FINANCIAL ASSETS</b>	<b>36,668,190</b>	<b>24,496,617</b>
<b>NON-FINANCIAL ASSETS:</b>		
Tangible capital assets (note 22)	533,689,430	532,064,017
Other non-financial assets	1,897,454	2,118,109
Commitments (note 14)		
Contingent liabilities (note 15)		
Environmental indemnities (note 16)		
Liability for contaminated sites (note 17)		
<b>Accumulated surplus (note 12)</b>	<b>\$ 572,255,074</b>	<b>558,678,743</b>

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

On behalf of Council:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Chief Financial Officer

# THE CORPORATION OF THE CITY OF NORTH BAY

## Consolidated Statement of Operations

December 31, 2018, with comparative information for 2017

	2018 Budget (note 20)	2018 Total	2017 Total
<b>Revenues:</b>			
Property taxation	\$ 80,862,945	80,267,948	79,807,200
Taxation from other governments	3,519,591	3,449,876	3,784,301
User charges	33,133,774	35,020,838	32,682,851
Government transfers and grants	17,144,330	22,165,884	19,683,720
Licenses, permit fees and rents	2,030,967	2,106,093	2,112,278
Investment income	845,000	1,757,107	1,552,960
Provincial Offences Act (note 19)	1,590,000	1,393,619	1,302,200
Other	3,954,686	5,619,208	4,519,858
Equity earnings of government business enterprises (note 5(a))	725,000	3,539,639	3,795,903
	143,806,293	155,320,212	149,241,271
<b>Expenses:</b>			
General government	5,428,727	7,400,490	6,939,044
Protection services	40,652,377	39,636,043	38,362,464
Transportation services	33,121,724	34,373,103	34,026,054
Engineering and environmental services	27,063,263	26,019,105	25,937,124
Community services	16,179,863	15,946,461	15,767,186
Recreation and cultural services	16,919,650	16,212,984	15,088,051
Planning and development	2,148,059	2,155,695	1,798,173
	141,513,663	141,743,881	137,918,096
Annual surplus	2,292,630	13,576,331	11,323,175
Accumulated surplus, beginning of year	558,678,743	558,678,743	547,355,568
Accumulated surplus, end of year	\$ 560,971,373	\$ 572,255,074	\$ 558,678,743

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

# THE CORPORATION OF THE CITY OF NORTH BAY

## Consolidated Statement of Changes in Net Financial Assets

December 31, 2018, with comparative information for 2017

	2018 Budget (note 20)	2018 Total	2017 Total
Annual surplus	\$ 2,292,630	13,576,331	11,323,175
Acquisition of tangible capital assets	(24,185,017)	(27,249,336)	(28,708,078)
Amortization of tangible capital assets	20,876,223	24,347,237	25,063,458
Gain on disposal of tangible capital assets and surplus land	-	(925,164)	(156,464)
Disposal of tangible capital assets proceeds	-	2,201,850	366,463
	(3,308,794)	(1,625,413)	(3,434,621)
Decrease (increase) in other non-financial assets	-	220,655	(53,774)
Change in net financial assets	(1,016,164)	12,171,573	7,834,780
Net financial assets, beginning of year	24,496,617	24,496,617	16,661,837
Net financial assets, end of year	\$ 23,480,453	36,668,190	24,496,617

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



# THE CORPORATION OF THE CITY OF NORTH BAY

## Consolidated Statement of Cash Flows

December 31, 2018, with comparative information for 2017

	2018	2017
Operating transactions:		
Annual surplus	\$ 13,576,331	11,323,175
Items not involving cash:		
Amortization of tangible capital assets	24,347,237	25,063,458
Equity earnings of government business enterprises	(3,539,639)	(3,795,903)
Increase in post-employment benefits and compensated absences payable	621,300	656,600
Increase in solid waste landfill closure and post-closure care liability	124,288	114,609
Gain on disposal of tangible capital assets and surplus land	(925,164)	(156,464)
	<u>34,204,353</u>	<u>33,205,475</u>
Changes in non-cash operating balances (note 24)	2,329,001	(1,373,369)
	<u>36,533,354</u>	<u>31,832,106</u>
Capital transactions:		
Disposal of tangible capital assets and surplus land proceeds	2,201,850	366,463
Acquisition of tangible capital assets	(27,249,336)	(28,708,078)
	<u>(25,047,486)</u>	<u>(28,341,615)</u>
Investing transactions:		
Decrease (Increase) in portfolio investments	2,207,892	(518,336)
Loan receivable receipts	-	5,445,477
Notes receivable receipts	-	1,332,950
Cash dividend received from government business enterprises	1,371,008	2,950,875
	<u>3,578,900</u>	<u>9,210,966</u>
Financing transactions:		
Proceeds from debt issues	-	4,500,000
Debt repayments (note 10(a)(iv))	(9,919,180)	(9,952,466)
	<u>(9,919,180)</u>	<u>(5,452,466)</u>
Net change in cash and cash equivalents	5,145,588	7,248,991
Cash and cash equivalents, beginning of year	33,813,494	26,564,503
Cash and cash equivalents, end of year	<u>\$ 38,959,082</u>	<u>\$ 33,813,494</u>

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

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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The Corporation of 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
- Invest North Bay Development Corporation
- 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 5 are:

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

#### iii) Other 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.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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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 stationary goods and supplies are priced at average cost on the same basis as the preceding year. Inventories of fleet parts and fuel are priced using First In First Out (FIFO) method.

### 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 to 12 Years
Roads infrastructure	5 to 40 Years
Water and sewer infrastructure	75 Years
Bridges and structures	75 Years
Leasehold improvements	40 Years
Work-in-process	No Amortization Prior to Project Completion

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# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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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. 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 or the amount can be reasonably estimated. 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.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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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 the 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 the 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 Offences Act receivables, allowances for doubtful accounts, useful lives of tangible capital assets, assessment at risk 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.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

## 2. 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, 2019. 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, 2019. 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.

## 3. Investments:

	2018	2017
Investments - bonds and GICs (i)	\$ 36,747,886	\$ 38,955,778
Other	200	200
Total investments, end of year	\$ 36,748,086	\$ 38,955,978

(i) The City's investments totalling \$36,747,886 (2017 - \$38,955,778) are reported at cost and mature between April 2019 to December 2022, with yields ranging from 1.5% to 2.86% (2017 - 1.13% to 2.51%). The current short-term portion equals \$13,841,075 (2017 - \$12,135,817).

## 4. Accounts receivable:

	2018	2017
Government of Canada	\$ 2,365,594	\$ 1,797,093
Province of Ontario	2,903,691	3,759,056
Other municipalities	132,291	187,564
North Bay Hydro Distribution Limited (note 5(a)(viii))	126,815	130,685
North Bay Hydro Services Inc. (note 5(a)(ix))	25,868	2,972
User fees and other	4,493,361	3,958,003
Total accounts receivable	\$ 10,047,620	\$ 9,835,373

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

## 5. 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"), North Bay Hydro Services Inc. ("Services") and North Bay Espanola Acquisition Inc ("NBEAI"). The following provides condensed combined financial information for Distribution, Services and NBEAI.

	2018	2017
Combined Statement of Financial Position		
Total Assets	\$ 112,504,554	\$ 108,752,238
Total Liabilities	\$ 70,191,968	\$ 68,608,283
Net Assets	42,312,586	40,143,955
Total Liabilities and Net Assets	\$ 112,504,554	\$ 108,752,238
Combined Statement of Operations		
Total Revenues	\$ 73,544,652	\$ 73,758,645
Total Expenses	70,005,013	69,962,742
Net income	\$ 3,539,639	\$ 3,795,903

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 \$2,496,883 (2017 - \$2,633,730), street light energy in the amount of \$835,421 (2017 - \$878,993), construction activity in the amount of \$48,488 (2017 - \$9,770) and street light maintenance in the amount of \$17,922 (2017 - \$21,345).
- ii) The City purchased street light maintenance from Services in the amount of \$17,599 (2017 - \$21,092).
- iii) The City received municipal taxes from Distribution in the amount of \$82,155 (2017 - \$80,230).
- iv) Distribution purchased goods and services from the City totalling \$202,366 (2017 - \$221,113).
- v) Services purchased methane gas from the City totalling \$202,286 (2017 - \$297,523).
- vi) The City received Conservation and Demand Management incentives from Distribution totalling \$25,265 (2017 - \$6,654).
- vii) The City received interest in the amount of \$nil (2017 - \$124,808) from loan receivable from Distribution for the Merrick landfill project; and \$nil (2017 - \$55,540) from promissory note with Services. These loans were fully repaid in 2017.
- viii) At December 31, 2018, the City balances include accounts receivable of \$126,815 (2017 - \$130,685) and accounts payable and accrued liabilities of \$401,871 (2017 - \$368,953) due to/from Distribution.
- ix) At December 31, 2018, the City balances include accounts receivable of \$25,868 (2017 - \$2,972) and accounts payable and accrued liabilities of \$741 (2017 - \$21,636) due to/from Services.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

## 5. Government business enterprises (continued):

### b) Investment in government business enterprises:

	2018	2017
Investment in government business enterprises, beginning of year	\$ 40,143,955	\$ 39,298,927
Equity in earnings	3,539,639	3,795,903
Cash dividend received	(1,371,008)	(2,950,875)
Investment in government business enterprises, end of year	\$ 42,312,586	\$ 40,143,955

## 6. Accounts payable and accrued liabilities:

	2018	2017
Government of Canada	\$ 153,092	\$ 65,591
Other municipalities	105,708	110,068
Interest on debt	61,650	80,767
Trade accounts payable	9,312,603	9,420,361
North Bay Hydro Distribution Limited (note 5(a)(viii))	401,871	368,953
North Bay Hydro Services Inc. (note 5(a)(ix))	741	21,636
Accrued liabilities	10,109,310	8,885,830
Total accounts payable and accrued liabilities	\$ 20,144,975	\$ 18,953,206

## 7. Deferred revenue - obligatory reserve funds:

	2018	2017
Balance, beginning of the year	\$ 6,030,214	\$ 5,980,732
Federal gas tax contributions	3,417,671	3,320,077
Provincial gas tax contributions	869,051	884,795
Ontario community infrastructure fund contributions	1,672,672	1,180,761
Development contributions	384,992	612,215
Investment income	193,652	138,625
Commuter Cycling Program contributions	494,893	-
Main Street Revitalization contributions	75,195	-
Utilization of funds	(6,707,402)	(6,086,991)
Deferred revenue - obligatory reserve funds, end of year	\$ 6,430,938	\$ 6,030,214

### Analyzed as follows:

Development charges	\$ 3,594,523	\$ 3,292,689
Federal gas tax contributions	33,784	140,049
Provincial gas tax contributions	455,054	867,996
Ontario community infrastructure fund	619,535	511,610
Cash in lieu of parkland	661,993	647,194
Building Code Act	502,811	570,676
Commuter Cycling Program contributions	487,473	-
Main Street Revitalization contributions	75,765	-
Deferred revenue - obligatory reserve funds, end of year	\$ 6,430,938	\$ 6,030,214

Included in cash and cash equivalents is restricted amounts of \$6,430,938 (2017 - \$6,030,214) with respect to the above obligatory reserve funds.



# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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

	2018	2017
Sick leave benefits	\$ 8,809,700	\$ 8,540,000
Supplementary health benefits	8,681,600	8,330,000
<b>Total post employment benefits and compensated absences payable</b>	<b>\$ 17,491,300</b>	<b>\$ 16,870,000</b>

The sick leave benefit provides certain eligible employees with vested and non-vested sick leave days that accumulated beyond the 12 month period. 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.

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.

In addition, the City has a defined supplementary health benefit plan that provides medical, dental and life insurance to certain 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:

	2018	2017
<b>Sick leave benefits:</b>		
Accrued benefit, beginning of year	\$ 8,540,000	\$ 8,177,300
Amortization of unamortized actuarial gains/losses and other	161,900	199,600
Service cost for the year	745,100	734,800
Interest expense for the year	296,800	302,000
Benefits paid during the year	(934,100)	(873,700)
<b>Accrued benefit liability and projected obligation, end of year</b>	<b>\$ 8,809,700</b>	<b>\$ 8,540,000</b>
<b>Supplementary health benefits:</b>		
Accrued benefit, beginning of year	\$ 8,330,000	\$ 8,036,100
Amortization of unamortized actuarial gains/losses and other	87,300	43,900
Service cost for the year	496,300	430,100
Interest expense for the year	329,200	300,600
Benefits paid during the year	(561,200)	(480,700)
<b>Accrued benefit liability and projected obligation, end of year</b>	<b>\$ 8,681,600</b>	<b>\$ 8,330,000</b>

A comprehensive actuarial valuation was completed as at December 31, 2018 by an actuarial firm. The next valuation date will be as at January 1, 2020. The main actuarial assumptions employed for the valuations are as follows:

- i) The discount rate for supplemental health benefits was assumed at 3.50% per annum for Accrued Benefit Obligation ("ABO") (2017 - 3.40%) and 3.40% per annum for the 2018 expense (2017 - 3.40%).
- ii) The discount rate for sick leave benefits was assumed at 3.30% per annum for Accrued Benefit Obligation ("ABO") (2017 - 3.10%) and 3.10% per annum for the 2018 expense (2017 - 3.10%).

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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

- iii) Future general salary and wage levels were assumed to increase 3% per annum.
- iv) Health costs were assumed at 6.60% per annum for 2018, reducing to 3.62% by 2039.
- v) Dental costs were assumed to increase at 4% per annum.
- vi) The expected average remaining service life is 13 years for the supplemental health benefits and 11 years for the sick leave benefits.

## 9. 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 1,210,925 cubic metres of waste and is estimated to have a remaining landfill life of approximately 18 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, 2018 for the current year post-closure liability of both sites in the amount of \$2,595,422 (2017 - \$2,471,134) 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 \$6,066,199 (2017 - \$6,035,362) of which \$3,470,777 (2017 - \$3,564,228) represents the amount of Merrick site future post-closure liability yet to be accrued.

## 10. 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:

	2018	2017
Debentures (i)	\$ 37,009,532	\$ 44,831,961
Term loans (ii)	7,550,000	9,500,000
Interest free loan (iii)	4,094,718	4,241,469
<b>Total net long-term liabilities (iv)</b>	<b>\$ 48,654,250</b>	<b>\$ 58,573,430</b>

- (i) The debentures bear interest at rates of 2.02% to 4.65%, repayable in annual principal payments of \$1,622,000 (2017 - \$2,134,000) and semi-annual principal payments of \$225,000 (2017 - \$275,000) and monthly principal payments of \$428,203 (2017 - \$428,203) plus interest, maturing in December 2019 to December 2027.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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

- (ii) The term loans bear interest at rates of 2.73% to 3.92%, repayable in semi-annual principal payments of \$100,000 (2017 - \$200,000) and quarterly principal payments of \$275,000 (2017 - \$275,000) and monthly principal payments of \$37,500 (2017 - \$37,500) plus interest, maturing in December 2019 to December 2027.
- (iii) 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. In accordance with the agreement, the minimum annual repayment is equal to \$135,000 based on a July to June fiscal year. In 2018, repayments totalling \$146,751 (2017 - \$115,036) were made. The loan shall be repaid in full not later than July 30, 2028.
- (iv) Total 2018 principal payments for long-term liabilities totalled \$9,919,180 (2017 - \$9,952,466).

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

	2018
2019	\$ 9,095,436
2020	8,187,430
2021	7,273,430
2022	6,010,096
2023	5,193,430
2024 and thereafter	12,894,428
<b>Total net long-term liabilities</b>	<b>\$ 48,654,250</b>

The repayments are summarized as follows:

From municipal revenues	\$ 30,247,331
From user fees	18,406,919
<b>Total net long-term liabilities</b>	<b>\$ 48,654,250</b>

The repayments to be funded through user fees includes a \$4,600,000 debenture for the water filtration plant that will be recovered from a water filtration plant surcharge over the next 9 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 \$4,094,718 interest free loan for capital improvements to Memorial Gardens noted in part 10a) that will be recovered from capital reserve fund fees collected on ticket sales.

c) The long-term liabilities reported in 10a), 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 CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

## 11. 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:

	2018	2017
General government	\$ 8,485	\$ 11,207
Protection services	40,615	50,029
Transportation services	552,318	573,125
Engineering and environmental services	633,547	748,792
Recreation and cultural services	159,724	206,374
Total interest payments	\$ 1,394,689	\$ 1,589,527

Interest includes accruals on long-term liabilities outstanding in the amount of \$61,650 (2017 - \$80,767).

## 12. Accumulated surplus:

	2018	2017
Investment in tangible capital assets	\$ 533,689,430	\$ 532,064,017
General surplus	17,069,604	17,804,994
Reserve funds	47,924,426	46,580,341
Equity in government business enterprises	42,312,586	40,143,955
Amounts to be recovered:		
Post employment benefits and compensated absences	(17,491,300)	(16,870,000)
Landfill closure and post-closure liabilities	(2,595,422)	(2,471,134)
Debt for tangible capital assets	(48,654,250)	(58,573,430)
Accumulated surplus, end of year	\$ 572,255,074	\$ 558,678,743

## 13. 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 Board of Trustees, 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 496,000 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, 2018, the total actuarial liabilities of \$100 billion in respect of benefits accrued for service with actuarial assets at that date of \$95.8 billion indicating an actuarial deficit of \$4.1 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 2018 were \$4,963,687 (2017 - \$4,873,956).

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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## 14. 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 2018 costs totalled \$1,092,012 (2017 - \$1,025,976) for waste collection and \$671,061 (2017 - \$698,419) for recycling.

- b) In the fall of 2015, the City tendered the operation of the City's Landfill operation. The City entered into a 5 year contract with Bruman Construction & Leasing on February 8, 2016.

In 2018 the contract costs to operate the landfill totalled \$1,499,849 (2017 - \$1,157,055).

## 15. Contingent liabilities:

The City is subject to various litigation and claims arising in the normal course of its operations. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that the ultimate disposition of these matters will not materially exceed the amounts recorded in the accounts. Any amendments to amounts accrued will be recorded once new information becomes available.

## 16. 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.

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 2018 were \$45,798 (2017 - \$33,612) 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.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

## 17. Liability for contaminated sites:

As at December 31, 2018 there is no liability for contaminated sites recorded in the financial statements. The City has identified a potential future liability for a former industrial parcel on Memorial Drive known as the Kenroc Site. The parcel is currently vacant and the contamination does not exceed the environmental standard at this time. Environmental standards vary depending upon the use of the property; therefore, a change in use of the property could result in the contamination to exceed the environmental standard and require remediation. The City will continue to review contaminated sites on an annual basis and a liability would be recorded if the recognition criteria has been met.

## 18. 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 of December 31, 2018, the City no longer has any open claims.

## 19. 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 done on a cash basis. The following table provides condensed financial information required by the terms in the Memorandum of Understanding (MOU) for its 2018 fiscal year with comparative 2017 figures:

	2018	2017
Revenues (net of refunds)	\$ 1,414,216	\$ 1,404,049
Year end accrual	(20,597)	(101,849)
	1,393,619	1,302,200
Expenses: Provincial charges	178,523	194,433
City operating	998,841	1,072,661
	1,177,364	1,267,094
Net revenue	216,255	35,106

The City shares net revenues with participating partners on a cash basis. In 2018, the City retained \$132,134 (2017 - \$76,403) and transferred \$104,718 (2017 - \$60,552) to participating partners.

The City's consolidated statement of operations includes an accrual for POA receivables in the amount of \$187,876 (2017 - \$208,473). The calculation for collectible accounts receivables was estimated based on a five-year trend.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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## 20. Budget:

Budget data presented in these consolidated financial statements is based on the 2018 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.

	2018
Budget By-law for the year	\$ 63,061
Add: Debt principal repayments	10,669,001
Investment in tangible capital assets	24,185,017
Less: Other transfers and adjustments	(3,117,109)
Amortization of tangible capital assets	(20,876,223)
Post employment benefits and compensated absences payable	(618,900)
Landfill closure and post-closure liabilities	(12,217)
Debt proceeds	(8,000,000)
Budget surplus per statement of operations	\$ 2,292,630

## 21. 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 is \$12 million. At year-end the City has not utilized any amount under this credit facility.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

## 22. Tangible capital assets:

	Land & Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computer Hardware & Software	Roads	Water & Sewer	Bridges & Structures	Leasehold Improvements	Work in Process	2018 Total
Cost, beginning of year	\$ 112,762,738	143,737,506	32,185,057	94,626,350	5,646,203	261,066,415	225,431,938	40,204,922	1,851,577	22,645,254	940,157,960
Additions during the year	4,384,770	6,841,101	3,657,217	4,425,912	462,265	7,655,331	2,934,717	8,664,460	-	6,798,859	45,824,632
Disposals during the year	(504,459)	(292,062)	(1,072,247)	(311,994)	-	(1,397,223)	(188,919)	(675,913)	-	(18,575,296)	(23,018,113)
Cost, end of year	116,643,049	150,286,545	34,770,027	98,740,268	6,108,468	267,324,523	228,177,736	48,193,469	1,851,577	10,868,817	962,964,479
Accumulated amortization, beginning of year	60,141,569	43,363,486	19,436,186	53,252,941	4,962,542	135,656,585	78,363,489	12,593,120	324,025	-	408,093,943
Amortization expense	1,671,945	3,216,149	2,211,023	4,982,574	338,092	8,065,597	3,062,268	753,299	46,290	-	24,347,237
Disposals during the year	(28,253)	(161,284)	(994,901)	(310,620)	-	(1,180,113)	(107,413)	(383,547)	-	-	(3,166,131)
Accumulated amortization, end of year	61,785,261	46,418,351	20,652,308	57,924,895	5,300,634	142,542,069	81,318,344	12,962,872	370,315	-	429,275,049
Net book value, beginning of year	52,621,169	100,374,020	12,748,871	41,373,409	683,661	125,409,830	147,068,449	27,611,802	1,527,552	22,645,254	532,064,017
Net book value, end of year	\$ 54,857,788	103,868,194	14,117,719	40,815,373	807,834	124,782,454	146,859,392	35,230,597	1,481,262	10,868,817	533,689,430

	Land & Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computer Hardware & Software	Roads	Water & Sewer	Bridges & Structures	Leasehold Improvements	Work in Process	2017 Total
Cost, beginning of year	\$ 111,997,250	139,807,382	31,825,903	92,356,478	5,307,993	255,838,534	222,609,728	39,286,430	1,851,577	13,098,850	913,980,125
Additions during the year	765,488	3,989,893	1,751,001	2,857,514	338,210	5,641,607	2,883,293	934,668	-	14,497,396	33,659,070
Disposals during the year	-	(59,769)	(1,391,847)	(587,642)	-	(413,726)	(61,083)	(16,176)	-	(4,950,992)	(7,481,235)
Cost, end of year	112,762,738	143,737,506	32,185,057	94,626,350	5,646,203	261,066,415	225,431,938	40,204,922	1,851,577	22,645,254	940,157,960
Accumulated amortization, beginning of year	56,573,721	40,318,923	18,635,552	49,168,572	4,673,160	128,288,029	75,342,456	12,072,582	277,734	-	385,350,729
Amortization expense	3,567,848	3,104,332	2,091,564	4,671,448	289,382	7,704,169	3,054,513	533,911	46,291	-	25,063,458
Disposals during the year	-	(59,769)	(1,290,930)	(587,079)	-	(335,613)	(33,480)	(13,373)	-	-	(2,320,244)
Accumulated amortization, end of year	60,141,569	43,363,486	19,436,186	53,252,941	4,962,542	135,656,585	78,363,489	12,593,120	324,025	-	408,093,943
Net book value, beginning of year	55,423,529	99,488,459	13,190,351	43,187,906	634,833	127,550,505	147,267,272	27,213,848	1,573,843	13,098,850	528,629,396
Net book value, end of year	\$ 52,621,169	100,374,020	12,748,871	41,373,409	683,661	125,409,830	147,068,449	27,611,802	1,527,552	22,645,254	532,064,017



# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Financial Statements

Year ended December 31, 2018

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## 23. 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, Emergency measures and management of Provincial Offences Act. Police services provides adequate and effective policing that meets 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 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.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Financial Statements

Year ended December 31, 2018

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## 23. 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 to ensure all residents have the opportunity to enjoy a healthy lifestyle. Cultural services invest in local non-profit organizations that deliver services on behalf of the City. 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, economic development departments, Invest North Bay Development Corporation and the Board of Management For The Downtown Improvement Area ("DIA"). 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, 2018

## 23. Segmented information (continued):

	General Government	Protection	Transportation	Engineering & Environmental	Community Services	Recreation & Cultural	Planning & Development	2018 Total
<b>Revenues:</b>								
Property taxation	\$ -	-	-	-	-	-	-	80,267,948
Taxation from other governments	-	-	-	-	-	-	-	3,449,876
User charges	422,207	351,953	6,811,431	25,975,492	-	1,401,798	57,957	35,020,838
Government transfers and grants	-	1,668,342	8,232,673	2,369,446	9,171,100	703,629	20,694	22,165,884
License, permits fees and rents	424,737	752,844	-	-	-	928,512	-	2,106,093
Investment income	1,733,762	-	21,382	-	-	-	1,963	1,757,107
Provincial Offences Act	-	1,393,619	-	-	-	-	-	1,393,619
Other	3,430,849	67,202	95,197	1,327,156	-	682,296	16,508	5,619,208
Equity in earnings of government business enterprises	-	-	-	-	-	-	-	3,539,639
	6,011,555	4,233,960	15,160,683	29,672,094	9,171,100	3,716,235	97,122	155,320,212
<b>Expenses:</b>								
Salary and benefits	4,672,735	33,153,338	11,244,555	7,890,806	-	7,365,238	1,243,231	65,569,903
Materials	1,025,544	1,872,774	6,673,533	4,714,445	-	4,305,579	464,475	19,056,350
Contracted services	887,951	2,052,495	2,774,316	5,085,153	-	1,511,137	436,072	12,747,124
Rents, financial and loss on disposal of tangible capital assets	113,266	80,760	373,802	225,634	-	97,225	8,146	898,833
External transfers	-	1,354,257	-	-	15,946,461	429,027	-	17,729,745
Interest	8,485	40,615	552,318	633,547	-	159,724	-	1,394,689
Amortization of tangible capital assets	692,509	1,081,804	12,754,579	7,469,520	-	2,345,054	3,771	24,347,237
	7,400,490	39,636,043	34,373,103	26,019,105	15,946,461	16,212,984	2,155,695	141,743,881
<b>Annual surplus (deficit)</b>	<b>\$ (1,388,935)</b>	<b>(35,402,083)</b>	<b>(19,212,420)</b>	<b>3,652,989</b>	<b>(6,775,361)</b>	<b>(12,496,749)</b>	<b>(2,058,573)</b>	<b>13,576,331</b>

	General Government	Protection	Transportation	Engineering & Environmental	Community Services	Recreation & Cultural	Planning & Development	2017 Total
<b>Revenue:</b>								
Property taxation	\$ -	-	-	-	-	-	-	79,807,200
Taxation from other governments	-	-	-	-	-	-	-	3,784,301
User charges	281,340	467,634	6,423,323	23,903,397	-	1,524,901	82,256	32,682,851
Government transfers and grants	25,506	1,560,711	9,089,964	658,067	7,615,100	657,771	76,601	19,683,720
License, permits fees and rents	435,796	781,381	-	-	-	895,101	-	2,112,278
Investment income	1,541,329	-	9,316	-	-	1,217	1,098	1,552,960
Provincial Offences Act	-	1,302,200	-	-	-	-	-	1,302,200
Other	1,815,804	290,107	342,205	1,262,746	-	727,165	81,831	4,519,858
Equity in earnings of government business enterprises	-	-	-	-	-	-	-	3,795,903
	4,099,775	4,402,033	15,864,808	25,824,210	7,615,100	3,806,155	241,786	149,241,271
<b>Expenses:</b>								
Salary and benefits	4,423,922	32,672,706	10,835,455	7,804,042	-	7,286,005	1,251,107	64,273,237
Materials	863,465	1,934,156	6,550,987	5,364,297	-	3,240,409	395,500	18,348,814
Contracted services	819,908	1,658,294	1,896,506	4,489,106	-	1,472,698	136,306	10,472,818
Rents, financial and loss on disposal of tangible capital assets	66,373	82,878	312,760	208,016	-	110,377	7,317	787,721
External transfers	175,000	1,048,570	-	-	15,767,186	391,765	-	17,382,521
Interest	11,207	50,029	573,125	748,792	-	206,374	-	1,589,527
Amortization of tangible capital assets	579,169	915,831	13,857,221	7,322,871	-	2,380,423	7,943	25,063,458
	6,939,044	38,362,464	34,026,054	25,937,124	15,767,186	15,088,051	1,798,173	137,918,096
<b>Annual surplus (deficit)</b>	<b>(2,839,269)</b>	<b>(33,960,431)</b>	<b>(18,161,246)</b>	<b>(112,914)</b>	<b>(8,152,086)</b>	<b>(11,281,896)</b>	<b>(1,556,387)</b>	<b>11,323,175</b>

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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

	2018	2017
Decrease (increase) in taxes receivable	\$ 702,247	\$ (468,697)
Decrease (increase) in accounts receivable	(212,247)	(1,586,727)
Decrease (increase) in other financial assets	(551,236)	158,856
Increase (decrease) in accounts payable and accrued liabilities	1,191,769	520,442
Increase (decrease) in deferred revenue	577,089	7,049
Increase (decrease) in obligatory reserve fund	400,724	49,482
Decrease (increase) in other non-financial assets	220,655	(53,774)
	<hr/>	<hr/>
	\$ 2,329,001	\$ (1,373,369)

## 25. 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 prior annual surplus.