

Consolidated Financial Statements

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

Year ended December 31, 2021

# THE CORPORATION OF THE CITY OF NORTH BAY

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Year ended December 31, 2021

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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 is 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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.



Chief Administrative Officer  
David Euler  
August 9, 2022



Chief Financial Officer/Treasurer  
Margaret Karpenko  
August 9, 2022



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Claridge Executive Centre  
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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the accompanying consolidated financial statements of The Corporation of the City of North Bay (the Corporation), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the City of North Bay as at December 31, 2021, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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 “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

### ***Other Matter – Comparative Information***

The financial statements of The Corporation of the City of North Bay for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 13, 2021.



## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## ***Auditors' Responsibility 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 auditors' 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 the 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
August 9, 2022

# THE CORPORATION OF THE CITY OF NORTH BAY

## Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

|   | 2021                  | 2020                  |
|---|-----------------------|-----------------------|
| <b>FINANCIAL ASSETS:</b>  |                       |                       |
| Cash and cash equivalents   | \$ 74,639,165         | \$ 53,473,421         |
| Investments (note 3)  | 29,021,917            | 39,459,429            |
| Taxes receivable  | 6,465,181             | 5,171,280             |
| Accounts receivable (note 4)  | 10,815,493            | 11,572,485            |
| Other assets  | 529,141               | 489,056               |
| Investment in government business enterprises (note 5(b))             | 47,470,461            | 41,707,658            |
|   | <u>168,941,358</u>    | <u>151,873,329</u>    |
| <b>FINANCIAL LIABILITIES:</b>   |                       |                       |
| Accounts payable and accrued liabilities (note 6)                     | 22,659,005            | 22,869,211            |
| Deferred revenue - general  | 835,901               | 916,241               |
| Deferred revenue - obligatory reserve funds (note 7)                  | 20,517,277            | 13,771,311            |
| Post-employment benefits and compensated absences payable (note 8)    | 22,707,600            | 18,187,600            |
| Solid waste landfill closure and post-closure care liability (note 9) | 2,838,821             | 2,799,142             |
| Net long-term liabilities (note 10)                                   | 45,139,816            | 54,990,036            |
|   | <u>114,698,420</u>    | <u>113,533,541</u>    |
| <b>NET FINANCIAL ASSETS</b>   | <b>54,242,938</b>     | <b>38,339,788</b>     |
| <b>NON-FINANCIAL ASSETS:</b>  |                       |                       |
| Tangible capital assets (note 20)                                     | 547,650,345           | 552,619,693           |
| Other non-financial assets  | 2,768,352             | 2,258,758             |
| Commitments (note 14)   |                       |                       |
| Contingent liabilities (note 15)                                      |                       |                       |
| Liability for contaminated sites (note 16)                            |                       |                       |
| Subsequent events (note 25)   |                       |                       |
| <b>Accumulated surplus (note 12)</b>                                  | <b>\$ 604,661,635</b> | <b>\$ 593,218,239</b> |

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

On behalf of Council:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Chief Financial Officer/Treasurer

# THE CORPORATION OF THE CITY OF NORTH BAY

## Consolidated Statement of Operations and Accumulated Surplus

December 31, 2021, with comparative information for 2020

|  | 2021<br>Budget<br>(note 19) | 2021<br>Total  | 2020<br>Total  |
|--|-----------------------------|----------------|----------------|
| <b>Revenues:</b>   |                             |                |                |
| Property taxation  | \$ 93,042,692               | \$ 91,854,187  | \$ 89,471,853  |
| Taxation from other governments                                | 3,799,806                   | 3,835,133      | 3,829,386      |
| User charges   | 32,385,723                  | 32,401,421     | 31,074,287     |
| Government transfers and grants                                | 21,330,218                  | 21,730,412     | 21,699,444     |
| Licenses, permit fees and rents                                | 2,024,287                   | 1,807,204      | 1,336,231      |
| Investment income  | 730,000                     | 1,163,047      | 1,418,161      |
| Provincial Offences Act (note 18)                              | 1,221,086                   | 1,304,616      | 585,628        |
| Other  | 4,758,477                   | 5,397,020      | 4,139,632      |
| Equity earnings of government business enterprises (note 5(a)) | 682,142                     | 6,676,054      | -              |
|  | 159,974,431                 | 166,169,094    | 153,554,622    |
| <b>Expenses:</b>   |                             |                |                |
| General government   | 7,374,712                   | 7,759,193      | 7,394,489      |
| Protection services  | 43,758,244                  | 46,734,514     | 42,435,117     |
| Transportation services  | 35,479,342                  | 36,626,500     | 33,442,534     |
| Engineering and environmental services                         | 31,663,648                  | 28,746,988     | 27,504,423     |
| Community services   | 17,712,209                  | 17,052,115     | 16,737,396     |
| Recreation and cultural services                               | 17,415,640                  | 14,903,201     | 13,599,595     |
| Planning and development                                       | 3,309,257                   | 2,903,187      | 2,524,566      |
| Equity loss of government business enterprises (note 5(a))     | -                           | -              | 645,100        |
|  | 156,713,052                 | 154,725,698    | 144,283,220    |
| Annual surplus   | 3,261,379                   | 11,443,396     | 9,271,402      |
| Accumulated surplus, beginning of year                         | 593,218,239                 | 593,218,239    | 583,946,837    |
| Accumulated surplus, end of year                               | \$ 596,479,618              | \$ 604,661,635 | \$ 593,218,239 |

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, 2021, with comparative information for 2020

|  | 2021<br>Budget<br>(note 19) | 2021<br>Total | 2020<br>Total |
|--|-----------------------------|---------------|---------------|
| Annual surplus   | \$ 3,261,379                | \$ 11,443,396 | \$ 9,271,402  |
| Acquisition of tangible capital assets                       | (36,813,387)                | (25,089,836)  | (34,115,387)  |
| Amortization of tangible capital assets                      | 25,400,872                  | 26,691,385    | 25,633,741    |
| Loss on disposal of tangible capital assets and surplus land | -                           | 3,217,032     | 220,909       |
| Disposal of tangible capital assets proceeds                 | -                           | 150,767       | 239,339       |
|  | (11,412,515)                | 4,969,348     | (8,021,398)   |
| Increase in other non-financial assets                       | -                           | (509,594)     | (239,111)     |
| Change in net financial assets                               | (8,151,136)                 | 15,903,150    | 1,010,893     |
| Net financial assets, beginning of year                      | 38,339,788                  | 38,339,788    | 37,328,895    |
| Net financial assets, end of year                            | \$ 30,188,652               | \$ 54,242,938 | \$ 38,339,788 |

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, 2021, with comparative information for 2020

|  | 2021          | 2020          |
|--|---------------|---------------|
| Operating transactions:  |               |               |
| Annual surplus   | \$ 11,443,396 | \$ 9,271,402  |
| Items not involving cash:  |               |               |
| Amortization of tangible capital assets                                  | 26,691,385    | 25,633,741    |
| Equity loss (earnings) of government business enterprises                | (6,676,054)   | 645,100       |
| Increase in post-employment benefits and compensated absences payable    | 4,520,000     | 352,000       |
| Increase in solid waste landfill closure and post-closure care liability | 39,679        | 79,916        |
| Loss on disposal of tangible capital assets and surplus land             | 3,217,032     | 220,909       |
|  | 39,235,438    | 36,203,068    |
| Changes in non-cash working capital (note 23)                            | 5,368,832     | 1,377,832     |
|  | 44,604,270    | 37,580,900    |
| Capital transactions:  |               |               |
| Disposal of tangible capital assets and surplus land proceeds            | 150,767       | 239,339       |
| Acquisition of tangible capital assets                                   | (25,089,836)  | (34,115,387)  |
|  | (24,939,069)  | (33,876,048)  |
| Investing transactions:  |               |               |
| Decrease (increase) in investments                                       | 10,437,512    | 1,379,941     |
| Cash dividend received from government business enterprises (note 5(b))  | 913,251       | 555,761       |
|  | 11,350,763    | 1,935,702     |
| Financing transactions:  |               |               |
| Proceeds from debt issues  | 3,995,782     | 10,393,596    |
| Repayment of net long-term liabilities (note 10(a)(iv))                  | (13,846,002)  | (9,559,057)   |
|  | (9,850,220)   | 834,539       |
| Net change in cash and cash equivalents                                  | 21,165,744    | 6,475,093     |
| Cash and cash equivalents, beginning of year                             | 53,473,421    | 46,998,328    |
| Cash and cash equivalents, end of year                                   | \$ 74,639,165 | \$ 53,473,421 |

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, 2021

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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 ("Library")
- North Bay Police Services Board ("Police Services Board")
- Invest North Bay Development Corporation ("Invest North Bay")
- 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.
- Espanola Regional Hydro Distribution Corporation

#### iii) Other entities:

The following joint local boards are not consolidated:

- The Board of Management for the District of Nipissing East ("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, 2021

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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:

Included in other non-financial assets are inventories of goods and supplies which 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 receipt, 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 | 50 to 75 Years                                 |
| Bridges and structures         | 75 Years                                       |
| Leasehold improvements         | 40 Years                                       |
| Work-in-process                | No Amortization Prior to<br>Project Completion |

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# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### g) Non-pension post-employment 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:

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. 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 transfers and grants:

Government transfers and grants are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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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 includes all costs directly attributable to remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. If the likelihood of the City's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are to be disclosed as a contingent liability in the Notes to the consolidated financial statements.

### k) Solid waste landfill:

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

### 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 as they are earned and collection is reasonably assured.

### 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, 2021

## 2. Accounting standards issued but not yet adopted

Section PS 1201, Financial Statement Presentation, PS 3041, Portfolio Investments, PS 3280, Asset Retirement Obligations, PS 3450, Financial Instruments, are effective for fiscal years beginning on or after April 1, 2022. While early adoption is permitted, all four of the standards must be adopted in the same year except for PS 3280. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. PS 3041, Portfolio Investments provides guidance on how to account for and report portfolio investments. PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of tangible capital assets. PS 3450, Financial Instruments provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. The City has not yet adopted these standards or determined the effect on the consolidated financial statements.

Section PS 2601 Foreign Currency Translation is effective for fiscal years beginning on or after April 1, 2022. This section includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. The City has not yet adopted these standards or determined the effect on the consolidated financial statements.

Section PS 3400, Revenue is effective for fiscal years beginning on or after April 1, 2023, early adoption is permitted. This section establishes standards on how to account for and report revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The City has not yet adopted this standard or determined the effect on the consolidated financial statements.

## 3. Investments:

|                                | 2021          | 2020          |
|--------------------------------|---------------|---------------|
| Investments - bonds and GICs   | \$ 29,021,917 | \$ 39,459,429 |
| Total investments, end of year | \$ 29,021,917 | \$ 39,459,429 |

The City's investments totalling \$29,021,917 (2020 - \$39,459,429) are reported at cost and mature between March 2022 to August 2026, with yields ranging from 1.15% to 2.56% (2020 - 0.85% to 2.86%). The current short-term portion equals \$7,499,050 (2020 - \$13,878,993).

## 4. Accounts receivable:

|  | 2021          | 2020          |
|--|---------------|---------------|
| Government of Canada                                 | \$ 3,574,204  | \$ 3,729,081  |
| Province of Ontario                                  | 2,203,073     | 2,711,822     |
| Other municipalities                                 | 1,475         | 196,688       |
| North Bay Hydro Distribution Limited (note 5(a)(vi)) | 21,357        | 17,148        |
| North Bay Hydro Services Inc. (note 5(a)(vii))       | 82,322        | 130,269       |
| User fees and other                                  | 4,933,062     | 4,787,477     |
| Total accounts receivable                            | \$ 10,815,493 | \$ 11,572,485 |

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

## 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 Espanola Regional Hydro Distribution Corporation ("ERHDC"). The following provides condensed combined financial information for Distribution, Services and ERHDC.

|  | 2021           | 2020           |
|--|----------------|----------------|
| Combined Statement of Financial Position |                |                |
| Total Assets                             | \$ 137,331,596 | \$ 133,987,637 |
| Total Liabilities                        | \$ 89,861,135  | \$ 92,279,979  |
| Net Assets                               | 47,470,461     | 41,707,658     |
| Total Liabilities and Net Assets         | \$ 137,331,596 | \$ 133,987,637 |
| Combined Statement of Operations         |                |                |
| Total Revenues                           | \$ 87,193,195  | \$ 94,532,563  |
| Total Expenses                           | 80,517,141     | 95,177,663     |
| Net income (loss)                        | \$ 6,676,054   | \$ (645,100)   |

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 \$1,964,462 (2020 - \$1,993,349), street light energy in the amount of \$636,416 (2020 - \$806,223), construction activity in the amount of \$152,717 (2020 - \$109,399) and street light maintenance in the amount of \$10,333 (2020 - \$4,131).
- ii) The City purchased street light maintenance from Services in the amount of \$19,611 (2020 - \$13,702) and electrical energy in the amount of \$290,934 (2020 - \$438,214) for the Community Energy Park.
- iii) The City received municipal taxes from Distribution in the amount of \$93,306 (2020 - \$92,401).
- iv) Distribution purchased goods and services from the City totaling \$213,080 (2020 - \$188,424).
- v) Services purchased methane gas from the City totaling \$117,536 (2020 - \$142,532).
- vi) At December 31, 2021, the City balances include accounts receivable of \$21,357 (2020 - \$17,148) and accounts payable and accrued liabilities of \$373,944 (2020 - \$378,320) due to/from Distribution.
- vii) At December 31, 2021, the City balances include accounts receivable of \$82,322 (2020 - \$130,269) and accounts payable and accrued liabilities of \$93,289 (2020 - \$85,409) due to/from Services.



# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

## 5. Government business enterprises (continued):

### b) Investment in government business enterprises:

|  | 2021          | 2020          |
|--|---------------|---------------|
| Investment in government business enterprises, beginning of year | \$ 41,707,658 | \$ 42,908,519 |
| Equity earnings (loss)   | 6,676,054     | (645,100)     |
| Cash dividend received   | (913,251)     | (555,761)     |
| Investment in government business enterprises, end of year       | \$ 47,470,461 | \$ 41,707,658 |

## 6. Accounts payable and accrued liabilities:

|  | 2021          | 2020          |
|--|---------------|---------------|
| Government of Canada                                 | \$ 136,154    | \$ 212,270    |
| Province of Ontario                                  | 263,943       | 100,392       |
| Other municipalities                                 | 51,644        | 13,761        |
| Interest on debt                                     | 51,770        | 52,469        |
| Trade accounts payable                               | 12,855,484    | 12,363,536    |
| North Bay Hydro Distribution Limited (note 5(a)(vi)) | 373,944       | 378,320       |
| North Bay Hydro Services Inc. (note 5(a)(vii))       | 93,289        | 85,409        |
| Liability for contaminated sites (note 16)           | 599,090       | 600,000       |
| Accrued liabilities                                  | 8,233,687     | 9,063,054     |
| Total accounts payable and accrued liabilities       | \$ 22,659,005 | \$ 22,869,211 |

## 7. Deferred revenue - obligatory reserve funds:

|  | 2021          | 2020          |
|--|---------------|---------------|
| Balance, beginning of the year                           | \$ 13,771,311 | \$ 11,291,520 |
| Federal Gas Tax contributions                            | 6,413,588     | 3,127,848     |
| Provincial Gas Tax contributions                         | 912,567       | 910,784       |
| Ontario Community Infrastructure Fund contributions      | 2,632,581     | 2,632,581     |
| Development contributions                                | 1,160,201     | 67,567        |
| Investment income  | 158,434       | 159,299       |
| Cannabis Legalization Implementation Fund contributions  | 15,295        | -             |
| Hazardous Materials CBRNE Response Program contributions | 47,752        | 17,905        |
| Connecting Link contributions                            | 1,500,000     | -             |
| Safe Restart - Municipal Operating Fund contributions    | 250,000       | 2,978,900     |
| Safe Restart - Municipal Transit Fund contributions      | 1,162,221     | 1,201,515     |
| Municipal Modernization Fund contributions               | -             | 75,000        |
| COVID-10 Recovery contributions                          | 747,129       | -             |
| Utilization of funds                                     | (8,253,802)   | (8,691,608)   |
| Deferred revenue - obligatory reserve funds, end of year | \$ 20,517,277 | \$ 13,771,311 |

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

## 7. Deferred revenue - obligatory reserve funds (continued):

|  | 2021          | 2020          |
|--|---------------|---------------|
| Analyzed as follows:                                     |               |               |
| Development Charges                                      | \$ 3,536,466  | \$ 3,505,600  |
| Federal Gas Tax Fund                                     | 9,712,038     | 4,773,979     |
| Provincial Gas Tax Fund                                  | 1,147,647     | 902,455       |
| Ontario Community Infrastructure Fund                    | 1,632,895     | 2,020,184     |
| Cash in lieu of Parkland                                 | 750,349       | 713,861       |
| Building Code Act  | 1,308,461     | 752,114       |
| Commuter Cycling Program                                 | 57,228        | 355,858       |
| Cannabis Legalization Implementation Fund                | 193,760       | 177,049       |
| Hazardous Materials CBRNE Response Program               | 66,150        | 17,966        |
| Connecting Link Program                                  | 1,447,077     | -             |
| Municipal Modernization Fund                             | 18,386        | 18,249        |
| Safe Restart - Municipal Transit Fund                    | 646,820       | 530,128       |
| Municipal Modernization Fund                             | -             | 3,868         |
| Deferred revenue - obligatory reserve funds, end of year | \$ 20,517,277 | \$ 13,771,311 |

Included in cash and cash equivalents are restricted amounts of \$20,517,277 (2020 - \$13,771,311) with respect to the above obligatory reserve funds.

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

|   | 2021          | 2020          |
|---|---------------|---------------|
| Sick leave benefits   | \$ 8,867,700  | \$ 8,788,400  |
| Supplementary health benefits                                   | 12,005,700    | 9,399,200     |
| WSIB top-up income plan   | 1,834,200     | -             |
| Total post-employment benefits and compensated absences payable | \$ 22,707,600 | \$ 18,187,600 |

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.

Plan amendments in 2021 include the addition of the healthcare spending account ("HCSA") for Fire retirees, changes to the HCSA for Police retirees and the provision of health and dental benefit coverage for Fire and Police employees in receipt of a WSIB loss-of-earnings benefit.

The WSIB top-up income plan reflects the top-up to 100% of net pay for Fire and Police employees in receipt of a WSIB loss-of-earnings benefit.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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

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

|  | 2021                 | 2020                |
|--|----------------------|---------------------|
| Sick leave benefits:   |                      |                     |
| Accrued benefit, beginning of year                                     | \$ 8,788,400         | \$ 8,811,600        |
| Amortization of unamortized actuarial gains/losses and other           | 152,300              | 126,600             |
| Service cost for the year  | 878,200              | 795,800             |
| Interest expense for the year  | 310,100              | 314,000             |
| Benefits paid during the year  | (1,261,300)          | (1,259,600)         |
| <b>Accrued benefit liability and projected obligation, end of year</b> | <b>\$ 8,867,700</b>  | <b>\$ 8,788,400</b> |
| Supplementary health benefits:   |                      |                     |
| Accrued benefit, beginning of year                                     | \$ 9,399,200         | \$ 9,024,000        |
| Amortization of unamortized actuarial gains/losses and other           | 239,100              | 133,000             |
| Service cost for the year  | 652,500              | 531,500             |
| Plan amendments incurred in year                                       | 2,027,300            | -                   |
| Interest expense for the year  | 463,400              | 353,600             |
| Benefits paid during the year  | (775,800)            | (642,900)           |
| <b>Accrued benefit liability and projected obligation, end of year</b> | <b>\$ 12,005,700</b> | <b>\$ 9,399,200</b> |
| WSIB Top-Up Income Plan benefits:                                      |                      |                     |
| Accrued benefit, beginning of year                                     | \$ -                 | \$ -                |
| Amortization of unamortized actuarial gains/losses and other           | -                    | -                   |
| Service cost for the year  | -                    | -                   |
| Plan amendments incurred in year                                       | 1,834,200            | -                   |
| Interest expense for the year  | -                    | -                   |
| Benefits paid during the year  | -                    | -                   |
| <b>Accrued benefit liability and projected obligation, end of year</b> | <b>\$ 1,834,200</b>  | <b>\$ -</b>         |

A comprehensive actuarial valuation was completed as at December 31, 2021 by an actuarial firm. The next valuation date will be as at December 31, 2024. The main actuarial assumptions employed for the valuations are as follows:

- i) The discount rate for supplemental health benefits was assumed at 2.60% per annum for Accrued Benefit Obligation (2020 - 3.50%) and 2.60% per annum for the 2021 expense (2020 - 3.50%).
- ii) The discount rate for sick leave benefits was assumed at 2.60% per annum for Accrued Benefit Obligation (2020 - 3.30%) and 2.60% per annum for the 2021 expense (2020 - 3.30%).
- iii) Future general salary and wage levels were assumed to increase 3% per annum.
- iv) Health costs were assumed at 5.82% per annum for 2021, reducing to 3.86% by 2042.
- v) Dental costs were assumed to increase at 4% per annum.
- vi) The expected average remaining service life is 11 years for the supplemental health benefits and sick leave benefits.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

## 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 1,022,501 cubic metres of waste and is estimated to have a remaining landfill life of approximately 16.76 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, 2021 for the current year post-closure liability of both sites in the amount of \$2,838,821 (2020 - \$2,799,142) 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 \$6,326,549 (2020 - \$6,226,860) of which \$3,487,729 (2020 - \$3,427,718) 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:

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
| Debentures (i)                             | \$ 38,666,022        | \$ 46,744,254        |
| Term loans (ii)                            | 6,473,794            | 4,250,000            |
| Interest free loan (iii)                   | -                    | 3,995,782            |
| <b>Total net long-term liabilities (b)</b> | <b>\$ 45,139,816</b> | <b>\$ 54,990,036</b> |

- (i) The debentures bear interest at rates of 1.44% to 3.02%, repayable in semi-annual principal payments of \$225,000 (2020 - \$225,000) and monthly principal payments of \$622,075 (2020 - \$635,686) plus interest, maturing in December 2022 to December 2030.
- (ii) The term loans bear interest at rates of 2.25% to 2.73%, repayable in monthly principal payments of \$59,699 (2020 - \$37,500) plus interest, maturing in December 2022 to February 2036.
- (iii) In 2021, the City and the North Bay Battalion Hockey Club Ltd. entered into an Amended and Restated Arena Lease, License and Loan Agreement ( the "Restated Agreement"). In accordance with the Restated Agreement, the City repaid the remaining balance of the capital improvement loan in full in the amount of \$3,995,782 on February 12, 2021. As authorized by By-Law 2021-03, the City entered into a 15 year loan agreement with a Canadian Financial Institution on February 9, 2021 in the amount of \$3,995,782. The proceeds of the loan from a Canadian Financial Institution were used to repay the capital improvements loan to the North Bay Battalion Hockey Club Ltd. The loan from the Canadian Financial Institution is reported within term loans.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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

(iv) Total 2021 principal payments for long-term liabilities totalled \$13,846,002 (2020 - \$9,559,057).

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

|  | 2021                 |
|--|----------------------|
| 2022                                   | \$ 8,631,284         |
| 2023                                   | 7,814,618            |
| 2024                                   | 6,467,796            |
| 2025                                   | 5,852,796            |
| 2026                                   | 4,522,688            |
| 2027 and thereafter                    | 11,850,634           |
| <b>Total net long-term liabilities</b> | <b>\$ 45,139,816</b> |

  

|   | 2021                 |
|---|----------------------|
| The repayments are summarized as follows: |                      |
| From municipal revenues                   | \$ 29,076,334        |
| From user fees                            | 13,363,482           |
| From reserve funds                        | 2,700,000            |
| <b>Total net long-term liabilities</b>    | <b>\$ 45,139,816</b> |

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.

## 11. Interest on long-term liabilities:

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

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| General government                     | \$ 13,899           | \$ 17,163           |
| Protection services                    | 15,339              | 21,642              |
| Transportation services                | 470,609             | 458,509             |
| Engineering and environmental services | 495,520             | 576,321             |
| Recreation and cultural services       | 141,058             | 99,389              |
| <b>Total interest payments</b>         | <b>\$ 1,136,425</b> | <b>\$ 1,173,024</b> |

Interest includes accruals on long-term liabilities outstanding in the amount of \$51,770 (2020 - \$52,469).

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

## 12. Accumulated surplus:

|   | 2021           | 2020           |
|---|----------------|----------------|
| Investment in tangible capital assets                 | \$ 547,650,345 | \$ 552,619,693 |
| General surplus                                       | 24,602,170     | 26,469,635     |
| Reserve funds   | 55,624,896     | 48,398,031     |
| Equity in government business enterprises             | 47,470,461     | 41,707,658     |
| Amounts to be recovered:                              |                |                |
| Post employment benefits and compensated absences     | (22,707,600)   | (18,187,600)   |
| Landfill closure and post-closure liabilities         | (2,838,821)    | (2,799,142)    |
| Net long-term liabilities for tangible capital assets | (45,139,816)   | (54,990,036)   |
| Accumulated surplus, end of year                      | \$ 604,661,635 | \$ 593,218,239 |

## 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 541,000 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, 2021, the total actuarial liabilities of \$120.7 million in respect of benefits accrued for service with actuarial assets at that date of \$117.7 million indicating an actuarial deficit of \$3.1 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. The Municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. 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 2021 were \$5,292,019 (2020 - \$5,176,715).

## 14. Commitments:

Through its normal course of operations, the City enters into long-term contracts for the purchase of goods and services and for the construction of capital projects for which completion is expected to occur beyond the current fiscal year. The future value of certain long-term contracts is unknown. Annually, the City includes estimated payments required for the upcoming year as part of its budget to ensure that sufficient funding is available for these contracts.

## 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.

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

## 16. Liability for contaminated sites:

The City has a monitoring program in place to identify and assess contaminated sites on an ongoing basis to determine if remediation is required under legislation. The City's financial statements include a liability of \$599,090 (2020 - \$600,000) relating to contaminated site remediation costs. The liability for remediation costs is determined using management's best estimate of costs based on engineering and other professional reports, testing, anticipated timing of the future expenditures and recoveries. Due to the nature of this liability, including the assumptions inherent in its quantification, this amount may change in the future if additional or less costs are estimated, legislation changes occur, or timing of future expenditures change. Any changes to this liability will be recognized as an expense or recovery in the Consolidated Statement of Operations and Accumulated Surplus in the year they become known. This amount has been recorded as a liability at year end and has been included in accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

## 17. 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.

## 18. Provincial Offences Act:

The Ministry of the Attorney General requires all municipal partners administering Provincial Offences Act ("POA") 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 2021 fiscal year with comparative 2020 figures:

|                              | 2021         | 2020         |
|------------------------------|--------------|--------------|
| Revenues (net of refunds)    | \$ 1,304,616 | \$ 585,628   |
| Expenses: Provincial charges | 98,400       | 41,475       |
| Operating expenses           | 904,216      | 824,367      |
|                              | 1,002,616    | 865,842      |
| Net revenue                  | \$ 302,000   | \$ (280,214) |

The City shares net revenues/losses with participating partners on a cash basis. In 2021, the City retained \$41,535 (City's portion of loss in 2020 - \$71,463) and transferred \$32,917 (retained in 2020 - \$56,635) to/from participating partners.

The City's Consolidated Statement of Operations and Accumulated Surplus includes an accrual for POA receivables in the amount of \$279,886 (2020 - \$19,421).

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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## 19. Budget:

Budget data presented in these consolidated financial statements is based on the 2021 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.

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|  | 2021                |
|--|---------------------|
| Budget By-law for the year   | \$ (29,747)         |
| Add: Debt principal repayments   | 9,763,232           |
| Investment in tangible capital assets  | 36,813,387          |
| Less: Amortization of tangible capital assets  | (25,400,872)        |
| Post employment benefits and compensated absences payable                              | (380,500)           |
| Landfill closure and post-closure liabilities  | (123,804)           |
| Other transfers and adjustments  | (5,880,317)         |
| Debt proceeds  | (11,500,000)        |
| <b>Budget surplus per Consolidated Statement of Operations and Accumulated Surplus</b> | <b>\$ 3,261,379</b> |

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# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

## 20. Tangible capital assets:

|   | Land & Land Improvements | Buildings      | Vehicles      | Machinery & Equipment | Computer Hardware & Software | Roads          | Water & Sewer  | Bridges & Structures | Leasehold Improvements | Work in Process | 2021 Total       |
|---|--------------------------|----------------|---------------|-----------------------|------------------------------|----------------|----------------|----------------------|------------------------|-----------------|------------------|
| Cost, beginning of year                     | \$ 123,105,169           | \$ 159,541,168 | \$ 38,999,448 | \$ 106,993,393        | \$ 7,402,583                 | \$ 275,869,673 | \$ 234,412,550 | \$ 49,751,837        | \$ 1,851,577           | \$ 28,107,419   | \$ 1,026,034,817 |
| Additions during the year                   | 1,177,515                | 3,730,449      | 2,144,527     | 4,992,653             | 585,712                      | 16,776,648     | 9,218,488      | 2,504,443            | -                      | 8,209,892       | 49,340,327       |
| Disposals and transfers during the year     | (56,458)                 | (687,380)      | (1,350,036)   | (462,300)             | -                            | (3,910,942)    | (2,331,808)    | (190,039)            | -                      | (24,250,491)    | (33,239,454)     |
| Cost, end of year                           | 124,226,226              | 162,584,237    | 39,793,939    | 111,523,746           | 7,988,295                    | 288,735,379    | 241,299,230    | 52,066,241           | 1,851,577              | 12,066,820      | 1,042,135,690    |
| Accumulated amortization, beginning of year | 62,972,368               | 53,135,220     | 23,767,466    | 66,713,981            | 6,604,286                    | 157,273,536    | 87,533,137     | 14,952,237           | 462,893                | -               | 473,415,124      |
| Amortization expense                        | 2,083,810                | 3,537,489      | 2,222,404     | 5,038,792             | 561,391                      | 9,155,860      | 3,240,323      | 805,027              | 46,289                 | -               | 26,691,385       |
| Disposals during the year                   | (22,582)                 | (207,656)      | (1,130,964)   | (403,420)             | -                            | (2,726,178)    | (975,799)      | (154,565)            | -                      | -               | (5,621,164)      |
| Accumulated amortization, end of year       | 65,033,596               | 56,465,053     | 24,858,906    | 71,349,353            | 7,165,677                    | 163,703,218    | 89,797,661     | 15,602,699           | 509,182                | -               | 494,485,345      |
| Net book value, beginning of year           | 60,132,801               | 106,405,948    | 15,231,982    | 40,279,412            | 798,297                      | 118,596,137    | 146,879,413    | 34,799,600           | 1,388,684              | 28,107,419      | 552,619,693      |
| Net book value, end of year                 | \$ 59,192,630            | \$ 106,119,184 | \$ 14,935,033 | \$ 40,174,393         | \$ 822,618                   | \$ 125,032,161 | \$ 151,501,569 | \$ 36,463,542        | \$ 1,342,395           | \$ 12,066,820   | \$ 547,650,345   |

|   | Land & Land Improvements | Buildings      | Vehicles      | Machinery & Equipment | Computer Hardware & Software | Roads          | Water & Sewer  | Bridges & Structures | Leasehold Improvements | Work in Process | 2020 Total     |
|---|--------------------------|----------------|---------------|-----------------------|------------------------------|----------------|----------------|----------------------|------------------------|-----------------|----------------|
| Cost, beginning of year                     | \$ 119,963,246           | \$ 156,504,875 | \$ 37,824,438 | \$ 104,859,823        | \$ 6,944,768                 | \$ 272,359,200 | \$ 233,437,258 | \$ 49,629,507        | \$ 1,850,171           | \$ 11,051,045   | \$ 994,424,331 |
| Additions during the year                   | 3,141,923                | 3,198,409      | 2,125,871     | 2,297,261             | 457,815                      | 4,701,524      | 999,479        | 135,325              | 1,406                  | 20,321,723      | 37,380,736     |
| Disposals and transfers during the year     | -                        | (162,116)      | (950,861)     | (163,691)             | -                            | (1,191,051)    | (24,187)       | (12,995)             | -                      | (3,265,349)     | (5,770,250)    |
| Cost, end of year                           | 123,105,169              | 159,541,168    | 38,999,448    | 106,993,393           | 7,402,583                    | 275,869,673    | 234,412,550    | 49,751,837           | 1,851,577              | 28,107,419      | 1,026,034,817  |
| Accumulated amortization, beginning of year | 61,110,185               | 49,652,163     | 22,433,687    | 62,144,988            | 5,812,765                    | 150,126,946    | 84,401,549     | 13,728,555           | 415,198                | -               | 449,826,036    |
| Amortization expense                        | 1,862,183                | 3,599,827      | 2,209,629     | 4,674,754             | 791,521                      | 8,066,545      | 3,145,777      | 1,235,810            | 47,695                 | -               | 25,633,741     |
| Disposals during the year                   | -                        | (116,770)      | (875,850)     | (105,761)             | -                            | (919,955)      | (14,189)       | (12,128)             | -                      | -               | (2,044,653)    |
| Accumulated amortization, end of year       | 62,972,368               | 53,135,220     | 23,767,466    | 66,713,981            | 6,604,286                    | 157,273,536    | 87,533,137     | 14,952,237           | 462,893                | -               | 473,415,124    |
| Net book value, beginning of year           | 58,853,061               | 106,852,712    | 15,390,751    | 42,714,835            | 1,132,003                    | 122,232,254    | 149,035,709    | 35,900,952           | 1,434,973              | 11,051,045      | 544,598,295    |
| Net book value, end of year                 | \$ 60,132,801            | \$ 106,405,948 | \$ 15,231,982 | \$ 40,279,412         | \$ 798,297                   | \$ 118,596,137 | \$ 146,879,413 | \$ 34,799,600        | \$ 1,388,684           | \$ 28,107,419   | \$ 552,619,693 |

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Financial Statements

Year ended December 31, 2021

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## 21. 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. Building Services 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 includes the revenues and expenses of the Airport.

### 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 and support Cassellholme. 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, 2021

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## 21. 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 and economic development departments, Invest North Bay and the 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, 2021

## 21. Segmented information (continued):

|  | General Government    | Protection             | Transportation         | Engineering & Environmental | Community Services     | Recreation & Cultural  | Planning & Development | Unallocated           | 2021 Total           |
|--|-----------------------|------------------------|------------------------|-----------------------------|------------------------|------------------------|------------------------|-----------------------|----------------------|
| <b>Revenues:</b>                               |                       |                        |                        |                             |                        |                        |                        |                       |                      |
| Property taxation                              | \$ -                  | \$ -                   | \$ -                   | \$ -                        | \$ -                   | \$ -                   | \$ -                   | \$ 91,854,187         | \$ 91,854,187        |
| Taxation from other governments                | -                     | -                      | -                      | -                           | -                      | -                      | -                      | 3,835,133             | 3,835,133            |
| User charges                                   | 261,245               | 362,743                | 4,504,137              | 26,263,902                  | -                      | 862,540                | 146,854                | -                     | 32,401,421           |
| Government transfers and grants                | 363,897               | 1,741,774              | 7,189,081              | 706,344                     | -                      | 1,619,278              | 15,838                 | 10,094,200            | 21,730,412           |
| License, permits fees and rents                | 616,953               | 849,623                | 2,022                  | -                           | -                      | 306,695                | 31,911                 | -                     | 1,807,204            |
| Investment income                              | 1,153,083             | -                      | 9,964                  | -                           | -                      | -                      | -                      | -                     | 1,163,047            |
| Provincial Offences Act                        | -                     | 1,304,616              | -                      | -                           | -                      | -                      | -                      | -                     | 1,304,616            |
| Other  | 2,523,437             | 417,107                | 652,048                | 1,579,936                   | -                      | 214,712                | 9,780                  | -                     | 5,397,020            |
| Equity loss in government business enterprises | -                     | -                      | -                      | -                           | -                      | -                      | -                      | 6,676,054             | 6,676,054            |
|  | 4,918,615             | 4,675,863              | 12,357,252             | 28,550,182                  | -                      | 3,003,225              | 204,383                | 112,459,574           | 166,169,094          |
| <b>Expenses:</b>                               |                       |                        |                        |                             |                        |                        |                        |                       |                      |
| Salary and benefits                            | 4,695,474             | 39,642,592             | 11,173,165             | 8,081,731                   | -                      | 7,025,182              | 1,655,349              | -                     | 72,273,493           |
| Materials                                      | 1,025,374             | 2,266,048              | 6,753,888              | 5,173,549                   | 26,514                 | 3,373,437              | 580,475                | -                     | 19,199,285           |
| Contracted services                            | 931,766               | 2,165,604              | 2,323,367              | 5,213,061                   | -                      | 940,453                | 126,034                | -                     | 11,700,285           |
| Rents and financial                            | 33,563                | 80,020                 | 175,079                | 239,169                     | -                      | 59,421                 | 7,389                  | -                     | 594,641              |
| External transfers                             | 233,150               | 1,455,456              | -                      | -                           | 17,025,601             | 679,305                | 519,640                | -                     | 19,913,152           |
| Loss/ (gain) on disposal                       | (34,874)              | (450)                  | 1,371,881              | 1,817,912                   | -                      | 62,563                 | -                      | -                     | 3,217,032            |
| Interest                                       | 13,899                | 15,339                 | 470,609                | 495,520                     | -                      | 141,058                | -                      | -                     | 1,136,425            |
| Amortization of tangible capital assets        | 860,841               | 1,109,905              | 14,358,511             | 7,726,046                   | -                      | 2,621,782              | 14,300                 | -                     | 26,691,385           |
|  | 7,759,193             | 46,734,514             | 36,626,500             | 28,746,988                  | 17,052,115             | 14,903,201             | 2,903,187              | -                     | 154,725,698          |
| <b>Annual surplus (deficit)</b>                | <b>\$ (2,840,578)</b> | <b>\$ (42,058,651)</b> | <b>\$ (24,269,248)</b> | <b>\$ (196,806)</b>         | <b>\$ (17,052,115)</b> | <b>\$ (11,899,976)</b> | <b>\$ (2,698,804)</b>  | <b>\$ 112,459,574</b> | <b>\$ 11,443,396</b> |

|  | General Government    | Protection             | Transportation         | Engineering & Environmental | Community Services     | Recreation & Cultural  | Planning & Development | Unallocated           | 2020 Total          |
|--|-----------------------|------------------------|------------------------|-----------------------------|------------------------|------------------------|------------------------|-----------------------|---------------------|
| <b>Revenue:</b>  |                       |                        |                        |                             |                        |                        |                        |                       |                     |
| Property taxation  | \$ -                  | \$ -                   | \$ -                   | \$ -                        | \$ -                   | \$ -                   | \$ -                   | \$ 89,471,853         | \$ 89,471,853       |
| Taxation from other governments                                  | -                     | -                      | -                      | -                           | -                      | -                      | -                      | 3,829,386             | 3,829,386           |
| User charges   | 216,674               | 357,872                | 3,993,488              | 25,521,971                  | -                      | 900,077                | 84,205                 | -                     | 31,074,287          |
| Government transfers and grants                                  | 691,932               | 2,656,215              | 6,553,829              | 305,067                     | -                      | 1,213,724              | 70,877                 | 10,207,800            | 21,699,444          |
| License, permits fees and rents                                  | 561,468               | 551,966                | 2,046                  | -                           | -                      | 196,402                | 24,349                 | -                     | 1,336,231           |
| Investment income  | 1,404,413             | -                      | 13,748                 | -                           | -                      | -                      | -                      | -                     | 1,418,161           |
| Provincial Offences Act  | -                     | 585,628                | -                      | -                           | -                      | -                      | -                      | -                     | 585,628             |
| Other  | 1,548,422             | 456,032                | 77,938                 | 1,380,733                   | -                      | 660,152                | 16,355                 | -                     | 4,139,632           |
|  | 4,422,909             | 4,607,713              | 10,641,049             | 27,207,771                  | -                      | 2,970,355              | 195,786                | 103,509,039           | 153,554,622         |
| <b>Expenses:</b>   |                       |                        |                        |                             |                        |                        |                        |                       |                     |
| Salary and benefits  | 4,833,636             | 36,044,663             | 10,923,502             | 7,911,963                   | -                      | 6,622,739              | 1,550,930              | -                     | 67,887,433          |
| Materials  | 708,872               | 2,172,988              | 5,886,888              | 5,806,852                   | -                      | 2,602,092              | 227,874                | -                     | 17,405,566          |
| Contracted services  | 921,359               | 1,723,076              | 2,372,859              | 5,417,305                   | -                      | 890,687                | 214,439                | -                     | 11,539,725          |
| Rents, financial and loss on disposal of tangible capital assets | 6,504                 | 96,456                 | 186,622                | 262,394                     | -                      | 123,995                | 7,304                  | -                     | 683,275             |
| External transfers   | 50,000                | 1,288,217              | -                      | -                           | 16,737,396             | 723,803                | 515,940                | -                     | 19,315,356          |
| Interest   | 17,163                | 21,642                 | 458,509                | 576,321                     | -                      | 99,389                 | -                      | -                     | 1,173,024           |
| Amortization of tangible capital assets                          | 856,955               | 1,088,075              | 13,614,154             | 7,529,588                   | -                      | 2,536,890              | 8,079                  | -                     | 25,633,741          |
| Equity in earnings of government business enterprises            | -                     | -                      | -                      | -                           | -                      | -                      | -                      | 645,100               | 645,100             |
|  | 7,394,489             | 42,435,117             | 33,442,534             | 27,504,423                  | 16,737,396             | 13,599,595             | 2,524,566              | 645,100               | 144,283,220         |
| <b>Annual surplus (deficit)</b>                                  | <b>\$ (2,971,580)</b> | <b>\$ (37,827,404)</b> | <b>\$ (22,801,485)</b> | <b>\$ (296,652)</b>         | <b>\$ (16,737,396)</b> | <b>\$ (10,629,240)</b> | <b>\$ (2,328,780)</b>  | <b>\$ 102,863,939</b> | <b>\$ 9,271,402</b> |

# THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

## 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 0.85%. 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 (2020 - \$nil).

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

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| Decrease (increase) in taxes receivable                         | \$ (1,293,901)      | \$ (1,004,781)      |
| Decrease (increase) in accounts receivable                      | 756,992             | (1,343,050)         |
| Decrease (increase) in other financial assets                   | (40,085)            | 175,353             |
| Increase (decrease) in accounts payable and accrued liabilities | (210,206)           | 1,649,675           |
| Increase (decrease) in deferred revenue                         | (80,340)            | (340,045)           |
| Increase (decrease) in obligatory reserve fund                  | 6,745,966           | 2,479,791           |
| Decrease (increase) in other non-financial assets               | (509,594)           | (239,111)           |
|   | <u>\$ 5,368,832</u> | <u>\$ 1,377,832</u> |

## 24. 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.

## 25. Subsequent Events:

Subsequent to year end, the City entered into a Guarantee and Postponement of Claims agreement with Ontario Infrastructure and Lands Corporation ("OILC"). Under the terms of the agreement, the City is named as a joint guarantor in regards to a Financing Agreement between The Board of Management for the District of Nipissing East ("Cassellholme") and OILC for the redevelopment and expansion of the existing 240-bed long-term care facility which is a northern joint municipal home. In the event of default, the City's maximum liability is \$46.1 million being the maximum amount of principal owing plus any accrued interest.

## 26. Impact of Covid-19

The pandemic affected several of the City's revenue streams throughout the 2021 fiscal year. Similar to other municipalities, City revenues most impacted by the pandemic were user charges, licenses, permit fees and rents, and revenues collected under the Provincial Offences Act. The City implemented several measures to reduce expenses in order to mitigate the impact of the revenue losses on the City's overall financial results. These mitigation efforts included deferral of hiring for vacant positions and reduced departmental spending in certain areas. These efforts along with Federal-Provincial funding received under programs such as Safe Restart funding and COVID-19 Recovery funding reduced the anticipated impact of the pandemic on the City's financial results.

The impact of COVID-19 is not expected to have a significant impact on the future operations of the City. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the ongoing evolution of the pandemic and the global responses to curb its spread, the City is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.