

Consolidated Financial Statements

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

Year ended December 31, 2020

THE CORPORATION OF THE CITY OF NORTH BAY

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Year ended December 31, 2020

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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.

Chief Administrative Officer
David Euler
July 13, 2021

Chief Financial Officer/Treasurer
Margaret Karpenko
July 13, 2021

INDEPENDENT AUDITORS' REPORT

To be provided in final package from BDO

DRAFT - Discussion Purposes Only

THE CORPORATION OF THE CITY OF NORTH BAY

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
FINANCIAL ASSETS:		
Cash and cash equivalents	\$ 53,473,421	\$ 46,998,328
Investments (note 3)	39,459,429	40,839,370
Taxes receivable	5,171,280	4,166,499
Accounts receivable (note 4)	11,572,485	10,229,435
Other assets	489,056	664,409
Investment in government business enterprises (note 5(b))	41,707,658	42,908,519
	151,873,329	145,806,560
FINANCIAL LIABILITIES:		
Accounts payable and accrued liabilities (note 6)	22,869,211	21,219,536
Deferred revenue - general	916,241	1,256,286
Deferred revenue - obligatory reserve funds (note 7)	13,771,311	11,291,520
Post-employment benefits and compensated absences payable (note 8)	18,187,600	17,835,600
Solid waste landfill closure and post-closure care liability (note 9)	2,799,142	2,719,226
Net long-term liabilities (note 10)	54,990,036	54,155,497
	113,533,541	108,477,665
NET FINANCIAL ASSETS	38,339,788	37,328,895
NON-FINANCIAL ASSETS:		
Tangible capital assets (note 20)	552,619,693	544,598,295
Other non-financial assets	2,258,758	2,019,647
Commitments (note 14)		
Contingent liabilities (note 15)		
Liability for contaminated sites (note 16)		
Subsequent events (note 25)		
Accumulated surplus (note 12)	\$ 593,218,239	\$ 583,946,837

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

December 31, 2020, with comparative information for 2019

	2020 Budget (note 19)	2020 Total	2019 Total
Revenues:			
Property taxation	\$ 89,993,656	\$ 89,471,853	\$ 84,215,158
Taxation from other governments	3,846,113	3,829,386	3,698,363
User charges	35,047,218	31,074,287	35,090,792
Government transfers and grants	24,101,286	21,699,444	20,244,635
Licenses, permit fees and rents	2,150,911	1,336,231	2,024,007
Investment income	730,000	1,418,161	1,832,216
Provincial Offences Act (note 18)	1,530,000	585,628	1,229,245
Other	5,569,811	4,139,632	7,052,421
Equity earnings of government business enterprises (note 5(a))	725,000	-	2,000,011
	163,693,995	153,554,622	157,386,848
Expenses:			
General government	7,089,226	7,394,489	7,010,010
Protection services	41,976,528	42,435,117	41,343,627
Transportation services	35,858,953	33,442,534	35,934,315
Engineering and environmental services	27,845,309	27,504,423	27,096,328
Community services	17,131,832	16,737,396	16,245,208
Recreation and cultural services	17,814,578	13,599,595	14,794,639
Planning and development	2,979,232	2,524,566	3,270,958
Equity loss of government business enterprises (note 5(a))	-	645,100	-
	150,695,658	144,283,220	145,695,085
Annual surplus	12,998,337	9,271,402	11,691,763
Accumulated surplus, beginning of year	583,946,837	583,946,837	572,255,074
Accumulated surplus, end of year	\$ 596,945,174	\$ 593,218,239	\$ 583,946,837

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, 2020, with comparative information for 2019

	2020 Budget (note 19)	2020 Total	2019 Total
Annual surplus	\$ 12,998,337	\$ 9,271,402	\$ 11,691,763
Acquisition of tangible capital assets	(41,772,264)	(34,115,387)	(36,946,701)
Amortization of tangible capital assets	23,977,770	25,633,741	25,483,120
Loss on disposal of tangible capital assets and surplus land	-	220,909	71,614
Disposal of tangible capital assets proceeds	-	239,339	483,102
	(17,794,494)	(8,021,398)	(10,908,865)
Increase in other non-financial assets	-	(239,111)	(122,193)
Change in net financial assets	(4,796,157)	1,010,893	660,705
Net financial assets, beginning of year	37,328,895	37,328,895	36,668,190
Net financial assets, end of year	\$ 32,532,738	\$ 38,339,788	\$ 37,328,895

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, 2020, with comparative information for 2019

	2020	2019
Operating transactions:		
Annual surplus	\$ 9,271,402	\$ 11,691,763
Items not involving cash:		
Amortization of tangible capital assets	25,633,741	25,483,120
Contributed tangible capital assets	-	(1,769,258)
Equity loss (earnings) of government business enterprises	645,100	(2,000,011)
Increase in post-employment benefits and compensated absences payable	352,000	344,300
Increase in solid waste landfill closure and post-closure care liability	79,916	123,804
Loss on disposal of tangible capital assets and surplus land	220,909	71,614
	36,203,068	33,945,332
Changes in non-cash operating balances (note 23)	1,377,832	5,974,414
	37,580,900	39,919,746
Capital transactions:		
Disposal of tangible capital assets and surplus land proceeds	239,339	483,102
Acquisition of tangible capital assets	(34,115,387)	(35,177,443)
	(33,876,048)	(34,694,341)
Investing transactions:		
Decrease (Increase) in investments	1,379,941	(4,091,484)
Cash dividend received from government business enterprises	555,761	1,404,078
	1,935,702	(2,687,406)
Financing transactions:		
Proceeds from debt issues	10,393,596	14,504,430
Debt repayments (note 10(a)(iv))	(9,559,057)	(9,003,183)
	834,539	5,501,247
Net change in cash and cash equivalents	6,475,093	8,039,246
Cash and cash equivalents, beginning of year	46,998,328	38,959,082
Cash and cash equivalents, end of year	\$ 53,473,421	\$ 46,998,328

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, 2020

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.
- Espanola Regional Hydro Distribution Corporation

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, 2020

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:

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

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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:

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, 2020

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 site's capacity is used.

l) 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.

m) 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.

n) 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.

o) 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, 2020

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, 2022. 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, 2022. 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.

c) Asset Retirement Obligations:

PSAB released a standard related to Asset Retirement Obligations (PS 3280). The standard applies to all local governments for fiscal years beginning on or after April 1, 2022. This standard addresses the reporting for legal obligations associated with the retirement of certain tangible capital assets. The estimate of a liability should include costs directly attributable to asset retirement activities. Costs would include post-retirement operations, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset. It would also include costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use. This new accounting standard has resulted in a withdrawal of the existing Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability. This Section may be applied retroactively or prospectively. If retroactive application is selected, a public sector entity may choose to apply certain transitional provisions provided in the Section. The City has not yet determined what, if any, financial reporting implications may arise from this standard.

3. Investments:

	2020	2019
Investments - bonds and GICs	\$ 39,459,429	\$ 40,839,370
Total investments, end of year	\$ 39,459,429	\$ 40,839,370

The City's investments totalling \$39,459,429 (2019 - \$40,839,370) are reported at cost and mature between March 2021 to November 2025, with yields ranging from 0.85% to 2.86% (2019 - 1.85% to 2.86%). The current short-term portion equals \$13,878,993 (2019 - \$8,640,051).

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2020

4. Accounts receivable:

	2020	2019
Government of Canada	\$ 3,729,081	\$ 2,646,074
Province of Ontario	2,711,822	1,715,136
Other municipalities	196,688	138,218
North Bay Hydro Distribution Limited (note 5(a)(vi))	17,148	60,790
North Bay Hydro Services Inc. (note 5(a)(vii))	130,269	38,212
User fees and other	4,787,477	5,631,005
Total accounts receivable	\$ 11,572,485	\$ 10,229,435

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.

	2020	2019
Combined Statement of Financial Position		
Total Assets	\$ 133,987,637	\$ 132,666,505
Total Liabilities	\$ 92,279,979	\$ 89,757,986
Net Assets	41,707,658	42,908,519
Total Liabilities and Net Assets	\$ 133,987,637	\$ 132,666,505
Combined Statement of Operations		
Total Revenues	\$ 94,532,563	\$ 79,220,376
Total Expenses	95,177,663	77,220,365
Net income (loss)	\$ (645,100)	\$ 2,000,011

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 \$1,993,349 (2019 - \$2,469,619), street light energy in the amount of \$806,223 (2019 - \$700,198), construction activity in the amount of \$109,399 (2019 - \$66,246) and street light maintenance in the amount of \$4,131 (2019 - \$6,937).
- ii) The City purchased street light maintenance from Services in the amount of \$13,702 (2019 - \$42,164). The City contributed \$nil (2019 - \$261,000) to Services for the Community Energy Park.
- iii) The City received municipal taxes from Distribution in the amount of \$92,401 (2019 - \$87,960).
- iv) Distribution purchased goods and services from the City totaling \$188,424 (2019 - \$102,017).
- v) Services purchased methane gas from the City totaling \$142,532 (2019 - \$164,047).
- vi) At December 31, 2020, the City balances include accounts receivable of \$17,148 (2019 - \$60,790) and accounts payable and accrued liabilities of \$378,320 (2019 - \$339,942) due to/from Distribution.
- vii) At December 31, 2020, the City balances include accounts receivable of \$130,269 (2019 - \$38,212) and accounts payable and accrued liabilities of \$85,409 (2019 - \$520,799) due to/from Services.

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2020

5. Government business enterprises (continued):

b) Investment in government business enterprises:

	2020	2019
Investment in government business enterprises, beginning of year	\$ 42,908,519	\$ 42,312,586
Equity earnings (loss)	(645,100)	2,000,011
Cash dividend received	(555,761)	(1,404,078)
Investment in government business enterprises, end of year	\$ 41,707,658	\$ 42,908,519

6. Accounts payable and accrued liabilities:

	2020	2019
Government of Canada	\$ 212,270	\$ 111,278
Other municipalities	-	13,894
Interest on debt	52,469	63,401
Trade accounts payable	12,363,536	11,778,315
North Bay Hydro Distribution Limited (note 5(a)(vi))	378,320	339,942
North Bay Hydro Services Inc. (note 5(a)(vii))	85,409	520,799
Accrued liabilities	9,777,207	8,391,907
Total accounts payable and accrued liabilities	\$ 22,869,211	\$ 21,219,536

7. Deferred revenue - obligatory reserve funds:

	2020	2019
Balance, beginning of the year	\$ 11,291,520	\$ 6,430,938
Federal Gas Tax contributions	3,127,848	6,609,171
Provincial Gas Tax contributions	910,784	895,808
Ontario Community Infrastructure Fund contributions	2,632,581	2,569,870
Development contributions	67,567	727,978
Investment income	159,299	240,314
Cannabis Legalization Implementation Fund contributions	-	171,701
Hazardous Materials CBRNE Response Program contributions	17,905	-
Modernization Fund contributions	-	17,690
Safe Restart - Municipal Operating Fund contributions	2,978,900	-
Safe Restart - Municipal Transit Fund contributions	1,201,515	-
Municipal Modernization Fund contributions	75,000	-
Utilization of funds	(8,691,608)	(6,371,950)
Deferred revenue - obligatory reserve funds, end of year	\$ 13,771,311	\$ 11,291,520

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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

	2020	2019
Analyzed as follows:		
Development Charges	\$ 3,505,600	\$ 3,835,603
Federal Gas Tax Fund	4,773,979	4,549,938
Provincial Gas Tax Fund	902,455	503,174
Ontario Community Infrastructure Fund	2,020,184	246,846
Cash in lieu of Parkland	713,861	700,904
Building Code Act	752,114	743,271
Commuter Cycling Program	355,858	478,934
Main Street Revitalization Program	-	39,848
Cannabis Legalization Implementation Fund	177,049	174,968
Hazardous Materials CBRNE Response Program	17,966	-
Municipal Modernization Fund	18,249	18,034
Safe Restart - Municipal Transit Fund	530,128	-
Municipal Modernization Fund	3,868	-
Deferred revenue - obligatory reserve funds, end of year	\$ 13,771,311	\$ 11,291,520

Included in cash and cash equivalents is restricted amounts of \$13,771,311 (2019 - \$11,077,364) with respect to the above obligatory reserve funds.

8. Post employment benefits and compensated absences payable:

	2020	2019
Sick leave benefits	\$ 8,788,400	\$ 8,811,600
Supplementary health benefits	9,399,200	9,024,000
Total post employment benefits and compensated absences payable	\$ 18,187,600	\$ 17,835,600

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.

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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:

	2020	2019
Sick leave benefits:		
Accrued benefit, beginning of year	\$ 8,811,600	\$ 8,809,700
Amortization of unamortized actuarial gains/losses and other	126,600	119,000
Service cost for the year	795,800	770,000
Interest expense for the year	314,000	318,100
Benefits paid during the year	(1,259,600)	(1,205,200)
Accrued benefit liability and projected obligation, end of year	\$ 8,788,400	\$ 8,811,600
Supplementary health benefits:		
Accrued benefit, beginning of year	\$ 9,024,000	\$ 8,681,600
Amortization of unamortized actuarial gains/losses and other	133,000	79,400
Service cost for the year	531,500	513,500
Interest expense for the year	353,600	344,600
Benefits paid during the year	(642,900)	(595,100)
Accrued benefit liability and projected obligation, end of year	\$ 9,399,200	\$ 9,024,000

A comprehensive actuarial valuation was completed as at December 31, 2018 by an actuarial firm. The next valuation date will be as at December 31, 2021. The main actuarial assumptions employed for the valuations are as follows:

- The discount rate for supplemental health benefits was assumed at 3.50% per annum for Accrued Benefit Obligation ("ABO") (2019 - 3.50%) and 3.50% per annum for the 2020 expense (2019 - 3.50%).
- The discount rate for sick leave benefits was assumed at 3.30% per annum for Accrued Benefit Obligation ("ABO") (2019 - 3.30%) and 3.30% per annum for the 2020 expense (2019 - 3.30%).
- Future general salary and wage levels were assumed to increase 3% per annum.
- Health costs were assumed at 5.81% per annum for 2020, reducing to 3.62% by 2039.
- Dental costs were assumed to increase at 4% per annum.
- The expected average remaining service life is 11 years for the supplemental health benefits and 9 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.

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2020

9. Solid waste landfill closure and post-closure care liability (continued):

There are currently no reserves set aside for either closure or post-closure activities. The Merrick site has remaining capacity of 1,118,910 cubic metres of waste and is estimated to have a remaining landfill life of approximately 16.9 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, 2020 for the current year post-closure liability of both sites in the amount of \$2,799,142 (2019 - \$2,719,226) 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 \$6,226,860 (2019 - \$6,130,112) of which \$3,427,718 (2019 - \$3,410,886) 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:

	2020	2019
Debentures (i)	\$ 46,744,254	\$ 44,303,531
Term loans (ii)	4,250,000	5,800,000
Interest free loan (iii)	3,995,782	4,051,966
Total net long-term liabilities (b)	\$ 54,990,036	\$ 54,155,497

- (i) The debentures bear interest at rates of 1.44% to 3.02%, repayable in annual principal payments of \$nil (2019 - \$914,000) and semi-annual principal payments of \$225,000 (2019 - \$225,000) and monthly principal payments of \$635,686 (2019 - \$549,073) plus interest, maturing in December 2021 to December 2030.
- (ii) The term loans bear interest at rates of 2.73% to 2.85%, repayable in quarterly principal payments of \$275,000 (2019 - \$275,000) and monthly principal payments of \$37,500 (2019 - \$37,500) plus interest, maturing in December 2021 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 2020, repayments totaling \$56,184 (2019 - \$42,753) were made. See Subsequent Events note 26 for additional information.
- (iv) Total 2020 principal payments for long-term liabilities totalled \$9,559,057 (2019 - \$9,003,183).

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

	2020
2021	\$ 9,763,233
2022	8,499,899
2023	7,683,232
2024	6,336,410
2025	5,721,410
2026 and thereafter	16,985,852
Total net long-term liabilities	\$ 54,990,036

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2020

10. Net long-term liabilities (continued):

	2020
The repayments are summarized as follows:	
From municipal revenues	\$ 35,904,567
From user fees	19,085,469
Total net long-term liabilities	\$ 54,990,036

The repayments to be funded through user fees includes a \$3,452,471 debenture for the water filtration plant that will be recovered from a water filtration plant surcharge over the next 7 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 \$3,995,782 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.

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:

	2020	2019
General government	\$ 17,163	\$ 7,046
Protection services	21,642	30,859
Transportation services	458,509	429,533
Engineering and environmental services	576,321	526,621
Recreation and cultural services	99,389	116,347
Total interest payments	\$ 1,173,024	\$ 1,110,406

Interest includes accruals on long-term liabilities outstanding in the amount of \$52,469 (2019 - \$63,401).

12. Accumulated surplus:

	2020	2019
Investment in tangible capital assets	\$ 552,619,693	\$ 544,598,295
General surplus	26,469,635	23,777,638
Reserve funds	48,398,031	47,372,708
Equity in government business enterprises	41,707,658	42,908,519
Amounts to be recovered:		
Post employment benefits and compensated absences	(18,187,600)	(17,835,600)
Landfill closure and post-closure liabilities	(2,799,142)	(2,719,226)
Debt for tangible capital assets	(54,990,036)	(54,155,497)
Accumulated surplus, end of year	\$ 593,218,239	\$ 583,946,837

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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 525,000 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, 2020, the total actuarial liabilities of \$113 billion in respect of benefits accrued for service with actuarial assets at that date of \$109.8 billion indicating an actuarial deficit of \$3.2 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. 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 2020 were \$5,176,715 (2019 - \$5,291,744).

14. Commitments:

In June 2010, the City entered into a 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 January of 2020, Council approved a 10 year contract extension to Miller Waste that will expire July 1, 2030. The renewal agreement contains an early termination penalty. The early termination penalty is on a declining scale during the 10 year renewal term and will only take effect should certain conditions be met in regards to the province's Effective Producer Responsibility program.

In 2020 costs totalled \$1,163,025 (2019 - \$1,120,647) for waste collection and \$764,307 (2019 - \$656,449) for recycling.

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. 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 \$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 Statement of Operations in the year they become known.

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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 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 2020 fiscal year with comparative 2019 figures:

	2020	2019
Revenues (net of refunds)	\$ 585,628	\$ 1,229,245
Expenses: Provincial charges	41,475	140,573
Operating expenses	824,367	1,069,142
	865,842	1,209,715
Net revenue	\$ (280,214)	\$ 19,530

The City shares net revenues/losses with participating partners on a cash basis. Due to the on-going pandemic, revenues were significantly lower resulting in an overall loss to all municipal partners. The City's portion of the loss was \$(71,463) (2019 - \$18,761) and recovered \$(56,635) (2019 - \$14,868) from participating partners.

The City's consolidated statement of operations includes an accrual for POA receivables in the amount of \$19,421 (2019 - \$171,537).

19. Budget:

Budget data presented in these consolidated financial statements is based on the 2020 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.

	2020
Budget By-law for the year	\$ 151,929
Add: Debt principal repayments	10,099,001
Investment in tangible capital assets	41,772,264
Less: Amortization of tangible capital assets	(23,977,770)
Post employment benefits and compensated absences payable	(352,000)
Landfill closure and post-closure liabilities	(124,288)
Other transfers and adjustments	(3,070,799)
Debt proceeds	(11,500,000)
Budget surplus per statement of operations	\$ 12,998,337

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2020

20. Tangible capital assets:

	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 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

	Land & Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computer Hardware & Software	Roads	Water & Sewer	Bridges & Structures	Leasehold Improvements	Work in Process	2019 Total
Cost, beginning 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
Additions during the year	5,936,548	6,543,584	3,735,164	6,885,793	836,300	6,050,938	5,333,254	1,442,892	-	7,013,969	43,778,442
Disposals during the year	(2,616,351)	(325,254)	(680,753)	(766,238)	-	(1,016,261)	(73,732)	(6,854)	(1,406)	(6,831,741)	(12,318,590)
Cost, end 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
Accumulated amortization, beginning 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
Amortization expense	1,941,275	3,312,600	2,428,457	4,939,087	512,131	8,398,349	3,132,395	772,537	46,289	-	25,483,120
Disposals during the year	(2,616,351)	(78,788)	(647,078)	(718,994)	-	(813,472)	(49,190)	(6,854)	(1,406)	-	(4,932,133)
Accumulated amortization, end 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
Net book value, beginning 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
Net book value, end 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

THE CORPORATION OF THE CITY OF NORTH BAY

Notes to Financial Statements

Year ended December 31, 2020

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. 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, 2020

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, 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, 2020

21. Segmented information (continued):

	General Government	Protection	Transportation	Engineering & Environmental	Community Services	Recreation & Cultural	Planning & Development	Unallocated	2020 Total
Revenues:									
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	2,496,088	5,953,829	305,067	-	1,023,785	1,020,943	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	4,447,586	10,041,049	27,207,771	-	2,780,416	1,145,852	103,509,039	153,554,622
Expenses:									
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 loss in 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
Annual surplus (deficit)	\$ (2,971,580)	\$ (37,987,531)	\$ (23,401,485)	\$ (296,652)	\$ (16,737,396)	\$ (10,819,179)	\$ (1,378,714)	\$ 102,863,939	\$ 9,271,402

	General Government	Protection	Transportation	Engineering & Environmental	Community Services	Recreation & Cultural	Planning & Development	Unallocated	2019 Total
Revenue:									
Property taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,215,158	\$ 84,215,158
Taxation from other governments	-	-	-	-	-	-	-	3,698,363	3,698,363
User charges	298,845	376,780	7,095,616	25,451,195	-	1,773,232	95,124	-	35,090,792
Government transfers and grants	-	1,574,779	8,414,322	261,076	-	551,281	123,777	9,319,400	20,244,635
License, permits fees and rents	420,165	771,078	-	-	-	832,764	-	-	2,024,007
Investment income	1,796,308	-	34,025	-	-	-	1,883	-	1,832,216
Provincial Offences Act	-	1,229,245	-	-	-	-	-	-	1,229,245
Other	2,602,980	406,864	2,121,401	1,173,494	-	719,061	28,621	-	7,052,421
Equity in earnings of government business enterprises	-	-	-	-	-	-	-	2,000,011	2,000,011
	5,118,298	4,358,746	17,665,364	26,885,765	-	3,876,338	249,405	99,232,932	157,386,848
Expenses:									
Salary and benefits	4,434,462	34,941,859	11,699,575	8,206,181	-	7,246,073	1,407,612	-	67,935,762
Materials	837,014	2,024,990	6,808,336	5,443,870	-	3,264,144	315,447	-	18,693,801
Contracted services	862,185	1,781,856	2,617,341	5,235,916	-	1,056,518	776,369	-	12,330,185
Rents, financial and loss on disposal of tangible capital assets	57,220	87,779	737,817	203,126	-	163,409	10,372	-	1,259,723
External transfers	-	1,375,307	-	-	16,245,208	504,942	756,631	-	18,882,088
Interest	7,046	30,859	429,533	526,621	-	116,347	-	-	1,110,406
Amortization of tangible capital assets	812,083	1,100,977	13,641,713	7,480,614	-	2,443,206	4,527	-	25,483,120
	7,010,010	41,343,627	35,934,315	27,096,328	16,245,208	14,794,639	3,270,958	-	145,695,085
Annual surplus (deficit)	\$ (1,891,712)	\$ (36,984,881)	\$ (18,268,951)	\$ (210,563)	\$ (16,245,208)	\$ (10,918,301)	\$ (3,021,553)	\$ 99,232,932	\$ 11,691,763

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Notes to Consolidated Financial Statements

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22. Credit facility agreement:

The City has a credit facility agreement with a Canadian Financial Institution bearing interest at the bank's prime rate less 0.85%. 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 (2019 - \$nil).

23. Change in non-cash working capital:

	2020	2019
Decrease (increase) in taxes receivable	\$ (1,004,781)	\$ (439,963)
Decrease (increase) in accounts receivable	(1,343,050)	(181,815)
Decrease (increase) in other financial assets	175,353	484,605
Increase (decrease) in accounts payable and accrued liabilities	1,649,675	1,074,561
Increase (decrease) in deferred revenue	(340,045)	298,637
Increase (decrease) in obligatory reserve fund	2,479,791	4,860,582
Decrease (increase) in other non-financial assets	(239,111)	(122,193)
	\$ 1,377,832	\$ 5,974,414

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 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.

26. Impact of Covid-19:

The pandemic affected several of the City's revenue streams throughout the 2020 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 layoffs, deferral of hiring for vacant positions and reduced departmental spending in certain areas. These efforts along with Federal-Provincial funding received under the Safe Restart programs reduced the anticipated impact of the pandemic on the City's financial results.