Consolidated financial statements of

The Corporation of the City of Barrie

December 31, 2022

The Corporation of the City of Barrie

December 31, 2022

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Deloitte LLP
400 Applewood Crescent
Suite 500
Vaughan ON L4K 0C3
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

To the Members of Council of
The Corporation of the City of Barrie

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Barrie (the "City"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2022, and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 17, 2023

The Corporation of the City of Barrie

Consolidated statement of operations and accumulated surplus
year ended December 31, 2022

	Budget (Note 18)	2022	2021
	$	$	$
Revenue			
Property taxation (Note 13)	**270,911,765**	**269,459,124**	254,605,714
User fees and service charges	**89,816,771**	**95,927,786**	85,739,818
Government transfers and grants	**14,837,801**	**20,202,407**	21,916,877
Provincial Offences Act (POA) (Note 17)	**6,310,500**	**4,985,119**	4,125,186
Licenses and permits	**6,999,936**	**8,667,191**	8,830,601
Investment income	**1,599,732**	**8,385,314**	3,343,049
Other	**9,189,877**	**9,620,014**	7,688,215
Contributed tangible capital assets (Note 10)	**-**	**96,421,534**	18,003,871
Equity earnings of government business enterprise (Note 3)	**5,928,175**	**8,266,356**	6,454,654
Municipal contributions	**2,061,632**	**2,102,227**	1,095,372
Utilization of obligatory reserve funds (Note 6)	**30,158,436**	**71,623,364**	62,750,211
	437,814,625	**595,660,436**	474,553,568
Expenses (Note 14)			
General government	**43,088,794**	**57,670,669**	52,417,018
Protection services	**125,734,733**	**123,771,804**	125,087,336
Transportation services	**67,506,031**	**64,290,699**	65,015,683
Environmental services	**94,146,034**	**82,406,939**	91,579,410
Health services	**9,231,226**	**11,259,015**	10,245,839
Social and family services	**9,057,734**	**8,377,738**	7,271,688
Social housing	**7,269,000**	**9,775,272**	8,049,882
Recreation and cultural services	**44,877,302**	**41,832,259**	36,591,823
Planning and development	**8,386,805**	**11,052,087**	5,316,740
	409,297,659	**410,436,482**	401,575,419
Annual surplus	**28,516,966**	**185,223,954**	72,978,149
Accumulated surplus, beginning of year	**1,987,425,626**	**1,987,425,626**	1,914,447,477
Accumulated surplus, end of year	**2,015,942,592**	**2,172,649,580**	1,987,425,626

The Corporation of the City of Barrie

Consolidated statement of change in net debt
year ended December 31, 2022

	Budget (Note 18)	2022	2021
	$	$	$
Annual surplus	**28,516,966**	**185,223,954**	72,978,149
Acquisition of tangible capital assets	**(51,340,852)**	**(117,820,971)**	(150,292,340)
Contributed tangible capital assets	**-**	**(96,421,534)**	(18,003,871)
Amortization of tangible capital assets	**65,676,893**	**65,676,893**	62,978,850
Loss (gain) on disposal of tangible capital assets	**-**	**252,237**	(2,542,338)
Proceeds on disposition of tangible capital assets	**-**	**345,219**	2,856,235
Transfers of tangible capital assets under construction, net	**-**	**(17,741,620)**	56,231,862
Decrease in inventories of land for resale	**-**	**(445,377)**	**-**
	42,853,007	**19,068,801**	24,206,547
Increase in inventories of supplies	**-**	**(306,264)**	(160,917)
(Increase) decrease in prepaid expenses	**-**	**(1,171,083)**	418,390
	-	**(1,477,347)**	257,473
Change in net debt	**42,853,007**	**17,591,454**	24,464,020
Net debt, beginning of year	**(98,657,881)**	**(98,657,881)**	(123,121,901)
Net debt, end of year	**(55,804,874)**	**(81,066,427)**	(98,657,881)

The Corporation of the City of Barrie

Consolidated statement of financial position
as at December 31, 2022

	2022	2021
	$	$
Financial assets		
Cash and cash equivalents (Notes 4, 5 and 6)	**63,087,720**	141,788,890
Taxes receivable	**17,532,938**	16,769,808
Accounts receivable	**41,926,705**	33,117,313
Inventories of land for resale	**1,267,932**	1,713,309
Other receivables (Note 2)	**2,083,654**	8,073,257
Promissory note receivable (Note 3b)	**20,000,000**	20,000,000
Investments (Note 4)	**329,991,888**	163,989,695
Investment in Lake Simcoe Regional Airport Inc. (Note 1)	**2,044,193**	2,044,193
Investment in government business enterprise (Note 3)	**155,597,001**	155,130,645
	633,532,031	542,627,110
Liabilities		
Accounts payable and accrued liabilities	**128,627,866**	103,031,471
Deferred revenue - general	**10,912,568**	14,486,588
Deferred revenue - obligatory reserve funds (Note 6)	**131,326,424**	79,959,547
Post employment benefits liabilities (Note 7)	**104,984,644**	96,617,185
Landfill closure and post-closure liabilities (Note 8)	**7,733,543**	11,769,447
Net long-term liabilities (Note 9)	**331,013,413**	335,420,753
	714,598,458	641,284,991
Net debt	**(81,066,427)**	(98,657,881)
Non-Financial assets		
Tangible capital assets (Note 10)	**2,114,878,035**	1,966,464,502
Tangible capital assets under construction (Note 10)	**133,172,337**	115,430,717
Inventories of supplies	**2,695,750**	2,389,486
Prepaid expenses	**2,969,885**	1,798,802
	2,253,716,007	2,086,083,507
Accumulated surplus (Note 11)	**2,172,649,580**	1,987,425,626

Approved by:

Chief Financial Officer and Treasurer

The Corporation of the City of Barrie

Consolidated statement of cash flows
as at December 31, 2022

	2022	2021
	$	$
Operating activities		
Annual surplus	**185,223,954**	72,978,149
Items not involving cash		
Equity earnings of government business enterprise	**(8,266,356)**	(6,454,654)
Amortization of tangible capital assets	**65,676,893**	62,978,850
Loss (gain) on disposal of tangible capital assets	**252,237**	(2,542,338)
Contributed tangible capital assets	**(96,421,534)**	(18,003,871)
	146,465,194	108,956,136
Changes in non-cash working capital balances		
Taxes receivable	**(763,130)**	2,083,396
Accounts receivable	**(8,809,392)**	4,318,404
Other receivables	**5,989,603**	(7,803,466)
Accounts payable and accrued liabilities	**25,596,395**	29,469,077
Deferred revenue - general	**(3,574,020)**	1,201,146
Deferred revenue - obligatory reserve funds	**51,366,877**	71,730,220
Post employment benefits liabilities	**8,367,459**	14,430,811
Landfill closure and post-closure liabilities	**(4,035,904)**	959,614
Prepaid expenses	**(1,171,083)**	418,390
Inventories of supplies	**(306,264)**	(160,917)
	219,125,735	225,602,811
Capital activities		
Acquisition of tangible capital assets (net of transfers and contributions)	**(117,820,971)**	(150,292,340)
Transfers of tangible capital assets under construction, net	**(17,741,620)**	56,231,862
Proceeds of disposition of tangible capital assets	**345,219**	2,856,235
	(135,217,372)	(91,204,243)
Investing activities		
Purchase of investments	**(166,002,193)**	(109,566,412)
Dividends received from Barrie Hydro Holdings Inc.	**7,800,000**	5,650,000
	(158,202,193)	(103,916,412)
Financing activities		
Proceeds from issuance of long-term debentures	**22,800,000**	41,640,000
Repayment of net long-term liabilities	**(27,207,340)**	(22,156,943)
	(4,407,340)	19,483,057
Net change in cash and cash equivalents	**(78,701,170)**	49,965,213
Cash and cash equivalents, beginning of year	**141,788,890**	91,823,677
Cash and cash equivalents, end of year	**63,087,720**	141,788,890
Cash and cash equivalents consist of:		
Cash	**12,229,239**	40,035,423
Cash equivalents	**50,858,481**	101,753,467
	63,087,720	141,788,890

1. Summary of significant accounting policies

Management's responsibility

The consolidated financial statements of the Corporation of The City of Barrie (the "City") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB" or "PS") of the Chartered Professional Accountants of Canada ("CPA Canada").

Reporting entity

Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. These boards and entities include:

Barrie Police Services Board
Barrie Public Library Board
Downtown Barrie Business Improvement Area

All inter-entity transactions and balances have been eliminated.

Modified equity accounting

Barrie Hydro Holdings Inc., a government business enterprise, is accounted for by the modified equity method. Under this method a business enterprise's accounting principles are not adjusted to conform to those of the City and inter-entity transactions and balances are not eliminated. Financial information related to Barrie Hydro Holdings Inc. is disclosed in Note 3.

Cash and cash equivalents

Cash consists of balances held at financial institutions and cash equivalents consist of highly liquid financial instruments with maturities of 90 days or less at acquisition.

Inventories

Inventories of land held for resale are valued at the lower of cost and net realizable value. Inventories of supplies are priced at average cost on a first-in, first-out basis.

Investments

Investments are recorded at historical cost less any amounts written off to reflect a permanent decline in value. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investment. Accrued interest is included in accounts receivable. Investments consist of authorized investments pursuant to the provisions of the Municipal Act and comprise government and corporate bonds, equity investments, and guaranteed investment certificates. Investments with original maturity dates greater than 90 days are classified as investments in the consolidated statement of financial position. Portfolio investments including the investment in Lake Simcoe Regional Airport Inc. are recorded at historical cost.

1. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including, but not limited to: transportation costs, installation costs, design and engineering fees, legal fees, and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of contribution, with a corresponding amount recorded as revenue when fair value can be reasonably estimated. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year following that in which the asset is available for productive use as follows:

Buildings and building improvements	15 to 60 years
Machinery and equipment	5 to 30 years
Fleet	3 to 18 years
Land improvements	5 to 100 years
Underground and other networks	15 to 100 years
Roads and sidewalks	15 to 100 years

Tangible capital assets under construction

Tangible capital assets under construction are recorded at cost. When construction is completed, the tangible capital assets under construction will be transferred to their relevant tangible capital asset category and amortized based on their classification.

Other receivables

Other receivables include the outstanding principal portions of expenditures incurred to benefit land owners and deferred development charges from various organizations. These other receivables are reported on the consolidated statement of financial position. The City records allowances for impairment when it is determined that it will be unable to collect amounts due according to the terms of the underlying agreement. Interest earned in relation to the receivables is recorded as revenue when earned.

Taxation and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established by City Council, incorporating amounts to be raised for local municipal services and service partners. The City is also required to bill and collect education taxes on behalf of the Province of Ontario at rates determined by the Province. The municipal portion of property tax revenue is recognized subsequent to the passing of a property tax by-law in the period in which the tax is levied.

The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are earned.

Assessments and related property taxes are subject to appeal. The City evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes a liability if the amount can be reasonably estimated.

User fees and other revenues

User fees and other revenues are recognized when earned.

Investment income

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory reserve funds such as development charges, gas tax, and cash in lieu of parkland is added to the associated reserve funds and forms part of respective deferred revenue balances.

1. Summary of significant accounting policies (continued)

Government transfers

Government transfers are recognized as revenue by the City in the period in which the transfers are authorized and any eligibility criteria are met, unless they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer or discharge the liability. For such transfers, revenue is recognized when the stipulation has been met.

Pension plan

The City is an employer member of the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan (the "Plan"). The OMERS Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The City uses defined contribution plan accounting principles for this Plan. The City records as pension expense the amount paid to OMERS for the year plus any amounts owing to OMERS at the end of the year.

Non-pension post-employment benefits

The City accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The City has adopted the following valuation methods and assumptions:

Actuarial cost method

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PS 3250 and PS 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of the total estimated future benefit is attributed to each year of service.

Workplace Safety and Insurance (WSIB) obligation

The costs of WSIB obligations are actuarially determined and the cost is recognized immediately in the period the event giving rise to the obligation occurs.

Funding policy

The non-pension post-retirement and post employment benefits plans are funded on a pay-as-you-go basis. The City funds the plans on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide for non-pension retirement and post-employment benefits.

Accounting policies

Actuarial gains and losses are amortized over the expected average remaining service life ("EARSL"), of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of gain or loss. Obligations are attributed to the period beginning on the date the member became eligible for benefit and ending on the expected date of termination, death, or retirement, depending on the benefit value. The City's fiscal year-end is December 31, and the measurement date of the City's obligation is as at December 31.

1. Summary of significant accounting policies (continued)

Deferred revenue

Obligatory reserve funds

Funds received for specific purposes which are externally restricted by legislation, regulation, or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purposes.

General

User charges and fees which have been collected but for which the related services have yet to be performed are recorded as deferred revenue. These amounts will be recognized as revenues in the fiscal year the services are performed.

Landfill closure and post-closure liabilities

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

Liability for contaminated sites

The City records a liability if it has a contaminated site that meets the requirements set out in the standard PS 3260 “Liability for Contaminated Sites”. The standard generally applies to sites that are not in productive use. Sites that are in productive use are considered under the standard if there was an unexpected event that resulted in contamination.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these consolidated financial statements are landfill closure and post-closure liabilities, liabilities for contaminated sites, post employment benefits liabilities, Provincial Offenses Act receivables, allowances for doubtful accounts, the estimated useful lives of tangible capital assets and other accrued liabilities and/or obligations. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Other receivables

Other receivables consist of:

	2022	2021
	$	$
Receivables from benefiting land owners. These have various maturity dates between 2027 to 2032 and interest rates ranging from 0.0% to 5.3%.	**1,094,944**	124,137
Receivables from benefitting land owners. Maturity dates and interest rates will be determined at the time of billing.	**493,950**	991,497
Deferred development charge receivables from various organizations. Maturity and interest rates will be determined at the date of occupancy.	**494,760**	6,957,623
	2,083,654	8,073,257

3. Investment in government business enterprise

The following summarizes the financial position and operations of the government business enterprise which has been reported in these consolidated financial statements using the modified equity method:

a. Barrie Hydro Holdings Inc.

As at December 31, 2022, the City holds 100% of the shares of Barrie Hydro Holdings Inc. ("Holdings"). Holdings holds 100% of the shares in Barrie Hydro Energy Services Inc. and 8.37% of the common shares of Alectra Inc. ("Alectra").

3. Investment in government business enterprise (continued)

a. Barrie Hydro Holdings Inc. (continued)

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

	2022	2021
	$	$
Financial position		
Current assets	**111,527**	364,998
Other assets	**182,102,578**	182,102,578
Total assets	**182,214,105**	182,467,576
Current liabilities	**26,617,104**	27,074,931
Long-term liabilities	**-**	262,000
Total liabilities	**26,617,104**	27,336,931
Total net assets	**155,597,001**	155,130,645
Results of operations		
Revenues	**8,703,167**	7,115,829
Expenses	**(131,455)**	(145,108)
Taxes	**(3,295,356)**	(2,681,900)
Net income for the year	**5,276,356**	4,288,821
Dividend refund received	**2,990,000**	2,165,833
Equity earnings in government business enterprise	**8,266,356**	6,454,654

b. Promissory note receivable

An unsecured promissory note receivable from Alectra as at December 31, 2022 amounted to $20,000,000 (2021 - $20,000,000) and bears interest at 4.41% (2021 - 4.41%) and interest is payable on December 31 of each year. The promissory note receivable matures on May 31, 2024. Interest received in the year and included in investment income is $882,000 (2021 - $882,000).

4. Investments

Included in cash and cash equivalents are highly liquid short-term investments of $50,858,481 (2021 - $101,753,467) with a market value of $50,858,481 (2021 - $101,753,467).

Investments reported on the consolidated statement of financial position of $329,991,888 (2021 - $163,989,695) have a market value of $323,956,981 (2021 - $164,170,408).

5. Credit facilities

Operating lines of credit

The City has credit facility agreements with two Canadian chartered banks.

Under the first agreement, the City has an operating line of credit, to be used to finance day-to-day operations, in the amount of $25,000,000 (2021 - $25,000,000), at the bank's stated prime rate less 0.875% per annum and/or the bankers' acceptance rate plus 0.325% stamping fee per annum. The carrying balance of this operating line of credit at year end was $nil (2021 - $nil).

Under the second agreement, the City has an operating line of credit, to be used to finance day-to-day operations, in the amount of $25,000,000 (2021 - $nil), at the bank's stated prime rate less 1.00% per annum. The carrying balance of this operating line of credit at year end was $nil (2021 - $nil).

6. Deferred revenue - obligatory reserve funds

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

	2022	2021
	$	$
Balance, beginning of year	**79,959,547**	8,229,327
Federal gas tax contributions	**8,971,202**	17,595,473
Development contributions	**110,201,643**	114,097,683
Provincial gas tax contributions	**2,269,206**	2,248,027
Investment income	**1,548,190**	539,248
Utilization of funds	**(71,623,364)**	(62,750,211)
Deferred revenue - obligatory reserve funds, end of year	**131,326,424**	79,959,547
Analyzed as follows:		
Federal gas tax	**18,417,689**	23,410,174
Development charges	**76,513,396**	20,804,052
Other	**10,862,266**	7,158,083
Provincial gas tax	**5,860,419**	4,891,134
Cash in lieu of parkland	**19,655,040**	23,678,756
Federal transit tax	**17,614**	17,348
Deferred revenue - obligatory reserve funds, end of year	**131,326,424**	79,959,547

There is legislation and/or actions and communications by the City which restricts how these funds may be used. Cash and cash equivalents needed to fund these above noted obligatory reserve funds is $131,326,424 (2021 - $79,959,547). Actual cash and cash equivalents on hand at year end was $63,087,720 (2021 - $141,788,890).

7. Post employment benefits liabilities

	2022	2021
	$	$
Accumulated post retirement benefits - accrued obligation	**57,413,846**	72,286,869
Unamortized net actuarial gains (losses)	**11,419,950**	(8,853,317)
Post retirement benefits - accrued benefit liability	**68,833,796**	63,433,552
Accumulated sick leave benefits - accrued obligation	**15,870,912**	17,979,812
Unamortized net actuarial losses	**(654,838)**	(4,027,816)
Sick leave benefits - accrued benefit liability	**15,216,074**	13,951,996
Long-term disability - accrued benefit liability	**2,574,467**	2,593,821
WSIB obligation - accrued benefit liability	**18,360,307**	16,637,816
	104,984,644	96,617,185

Information about post retirement benefits is as follows:

	2022	2021
	$	$
Current year benefit cost	**4,276,019**	4,120,626
Change due to plan amendment	**-**	(41,092)
Interest on accrued benefit obligation	**1,909,269**	1,551,138
Amortization of actuarial losses	**1,093,747**	1,319,385
Expense	**7,279,035**	6,950,057

Information about compensated absences is as follows:

	2022	2021
	$	$
Current year benefit cost	**738,743**	4,050,643
Interest on accrued benefit obligation	**534,955**	459,707
Amortization of actuarial losses	**466,318**	508,181
Expense	**1,740,016**	5,018,531

The amount paid during the year was $1,982,909 (2021 - $1,693,303) for post retirement benefits and $1,008,199 (2021 - $1,070,244) for compensated absence benefits.

Post retirement benefits

Post retirement life insurance and health care benefits

The City provides life insurance, dental, and health care benefits to certain employee groups after retirement until the members reach 65 years of age and to certain Barrie Police Services Board employee groups after retirement until the members reach 75 years of age. The costs and liabilities recorded for these benefits in 2022 are based on an extrapolation of an actuarial valuation prepared by an independent actuarial firm. The date of the last actuarial valuation was as at December 31, 2020 and those results were extrapolated to December 31, 2022.

7. Post employment benefits liabilities (continued)

Compensated absences benefits

Workplace Safety and Insurance Board

The City is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for financing its workplace safety insurance costs. The accrued benefit liability represents the actuarial valuation of claims to be insured based on the history of claims with City employees. A workers' compensation reserve is established to help reduce the future impact of these obligations. As at December 31, 2022, the balance in the workers' compensation reserve is a deficit of $480,197 (2021 - deficit of $96,231), which is included in the reserves balance in Note 11.

Sick leave benefits

The City provides paid sick leave that can be accumulated up to a maximum defined by the employee group. The costs and liabilities recorded for this benefit in 2022 are based on an extrapolation of an actuarial valuation prepared by an independent actuarial firm. The date of the last actuarial valuation was as at December 31, 2020 and those results were extrapolated to December 31, 2022. A sick leave reserve is established to help reduce the future impact of these obligations. As at December 31, 2022, the balance in the sick leave reserve is $2,810,198 (2021 - $2,810,198), which is included in the reserves balance in Note 11.

The accrued benefit obligations for the City's post employment benefits liabilities as at December 31, 2022 are based on an extrapolation of actuarial valuations for accounting purposes as at December 31, 2020. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	2022	2021
	%	%
Expected long-term inflation rate	**2.0%**	2.0%
Expected wage and salary increases	**2.5%**	2.5%
Discount on accrued benefit obligations	**4.7%**	2.6%
Health care costs escalation	**See (i)**	See (i)
Dental costs escalation	**See (ii)**	See (ii)

(i) 6.85% for 2021, 6.70% for 2022, and reducing by 0.15% in each subsequent year to an ultimate rate increase of 4.0%.
(ii) 4.00% for 2021 and 2022.

8. Landfill closure and post-closure liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the City's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability at year end was $7,733,543 (2021 - $11,769,447) and reflects a discount rate of 4.7% (2021 - 2.6%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The landfill is expected to reach its capacity in 13 years and the estimated remaining capacity is 927,700 (2021 - 950,735) cubic meters which is 24% (2021 - 24%) of the site's total capacity. The estimated length of time needed for post-closure care is 50 years.

9. Net long-term liabilities

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

	2022	2021
	$	$
Debentures, bearing interest at rates ranging from 0.60% to 5.08%, maturing between 2023 and 2051, incurred by the City.	**327,274,427**	331,372,060
Capital lease liability, interest at imputed rate of 2.9%.	**-**	65,033
Barrie transit facility public-private partnership long-term obligation, interest at imputed rate of 2.9%, maturing in 2035.	**3,738,986**	3,983,660
	331,013,413	335,420,753

Principal repayments in each of the next five years and thereafter are as follows:	
	$
2023	28,450,007
2024	27,862,031
2025	26,278,660
2026	26,372,412
2027	24,723,844
Thereafter	197,326,459
	331,013,413

The interest expense relating to the above long-term liabilities is $11,936,809 (2021 - $12,025,817).

The debentures reported above, issued in the name of the City, have been approved by municipal by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The City has entered into an interest rate swap agreement to reduce its exposure to interest rate risk related to its debt. The fair market value of the swap at year end is an asset to the City of $1,205,689 (2021 - liability of $158,353), for which no amounts have been recognized in these consolidated financial statements.

10. Tangible capital assets

Information relating to tangible capital assets is as follows:

Contributed tangible capital assets

The City records tangible capital assets contributed by an external party at fair value on the date contributed. Typical examples are roads, storm sewers and sidewalks installed by a developer as part of a subdivision or development agreement. Contributions of tangible capital assets in 2022 amounted to $96,421,534 (2021 - $18,003,871).

Assets under construction

The amount of tangible capital assets under construction is $133,172,337 (2021 - $115,430,717). These items will be transferred to their relevant tangible capital asset categories when construction is completed. Amortization will commence in the year following that in which the asset is available for productive use.

Assets under capital lease

Tangible capital assets under capital lease have a net book value of $nil (2021 - $59,700).

10. Tangible capital assets (continued)

								2022
	Land	Buildings and building improvements	Machinery and equipment	Fleet	Land improvements	Underground and other networks	Roads and sidewalks	Total
	$	$	$	$	$	$	$	$
Cost, beginning of year	375,036,502	434,539,426	468,508,365	66,749,007	261,170,328	699,992,851	542,642,987	2,848,639,466
Additions	96,966,680	7,696,664	10,371,948	10,283,700	13,491,861	39,869,526	35,562,126	214,242,505
Disposals/transfers	-	(69,997)	(4,055,064)	(878,679)	(359,734)	-	(62,836)	(5,426,310)
Cost, end of year	472,003,182	442,166,093	474,825,249	76,154,028	274,302,455	739,862,377	578,142,277	3,057,455,661
Accumulated amortization, beginning of year	-	150,183,686	263,810,598	36,188,835	90,812,934	144,617,651	196,561,260	882,174,964
Amortization	-	14,021,809	19,128,344	5,616,189	6,417,666	8,623,888	11,868,997	65,676,893
Disposals/transfers	-	(32,764)	(4,008,105)	(841,738)	(346,691)	-	(44,933)	(5,274,231)
Accumulated amortization, end of year	-	164,172,731	278,930,837	40,963,286	96,883,909	153,241,539	208,385,324	942,577,626
Net carrying amount, end of year	472,003,182	277,993,362	195,894,412	35,190,742	177,418,546	586,620,838	369,756,953	2,114,878,035

10. Tangible capital assets (continued)

2021

	Land	Buildings and building improvements	Machinery and equipment	Fleet	Land improvements	Underground and other networks	Roads and sidewalks	Total
	$	$	$	$	$	$	$	$
Cost, beginning of year	360,659,565	427,510,141	464,409,497	62,231,665	247,858,257	656,348,346	475,098,258	2,694,115,729
Additions	14,376,937	7,396,918	14,136,098	6,980,399	13,981,113	43,644,505	67,780,241	168,296,211
Disposals/transfers	-	(367,633)	(10,037,230)	(2,463,057)	(669,042)	-	(235,512)	(13,772,474)
Cost, end of year	375,036,502	434,539,426	468,508,365	66,749,007	261,170,328	699,992,851	542,642,987	2,848,639,466
Accumulated amortization, beginning of year	-	136,781,206	254,320,994	33,669,046	85,043,967	136,592,463	186,247,015	832,654,691
Amortization	-	13,668,343	19,417,369	4,932,076	6,436,909	8,025,188	10,498,965	62,978,850
Disposals/transfers	-	(265,863)	(9,927,765)	(2,412,287)	(667,942)	-	(184,720)	(13,458,577)
Accumulated amortization, end of year	-	150,183,686	263,810,598	36,188,835	90,812,934	144,617,651	196,561,260	882,174,964
Net carrying amount, end of year	375,036,502	284,355,740	204,697,767	30,560,172	170,357,394	555,375,200	346,081,727	1,966,464,502

11. Accumulated surplus

The City segregates its accumulated surplus into the following categories:

	2022	2021
	$	$
Invested in tangible capital assets	**2,248,050,372**	2,081,895,219
Unallocated	**(20,843,648)**	(23,716,901)
Reserves	**219,266,340**	203,420,796
Equity in government business enterprise	**175,597,001**	175,130,645
Amounts to be recovered		
Vacation payable liability	**(5,688,885)**	(5,496,748)
Post employment benefits liabilities	**(104,984,644)**	(96,617,185)
Landfill closure and post-closure liabilities	**(7,733,543)**	(11,769,447)
Net long-term liabilities	**(331,013,413)**	(335,420,753)
	2,172,649,580	1,987,425,626

12. Pension agreement

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension ("the Plan") by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted as at December 31, 2022. The results of this valuation disclosed total actuarial liabilities as at that date of $130,306 million (2021 - $120,796 million) (includes $1,517 million (2021 - $1,454 million) of Additional Voluntary Contribution (AVC) component) in respect of benefits accrued for service with actuarial net assets at that date of $123,628 million (2021 - $117,665 million) (includes $1,517 million (2021 - $1,454 million) of AVC component) indicating an actuarial deficit of $6,678 million (2021 - $3,131 million). The actuarial deficit may result in future payments by participating employers and their employee because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the City does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the City to OMERS for 2022 were $14,150,844 (2021 - $13,709,532).

13. Property taxation information

	2022	2021
	$	$
Property taxes and payments-in-lieu	**269,459,124**	254,605,714
Collections on behalf of governments		
Province of Ontario - school board tax	**62,928,142**	59,904,366
	332,387,266	314,510,080
Transfers		
Province of Ontario - school board tax	**(62,928,142)**	(59,904,366)
Municipal property taxation	**269,459,124**	254,605,714

14. Expenses

	2022	2021
	$	$
Salaries, wages and employee benefits	**193,132,419**	189,230,103
Materials	**27,741,005**	29,052,504
Contracted services	**68,205,047**	73,130,356
Rents and financial expenses	**9,558,607**	9,684,202
Transfer payments	**33,933,465**	28,015,925
Interest on long-term debt	**11,936,809**	12,025,817
Amortization on tangible capital assets	**65,676,893**	62,978,850
Loss (gain) on disposal of tangible capital assets	**252,237**	(2,542,338)
	410,436,482	401,575,419

15. Commitments

(a) Victoria Village Projects:

By motion #05-G-446, the City provided a loan guarantee with the Toronto-Dominion Bank for Victoria Village Projects in the amount of $16,875,000. The guarantee and amount were required to provide long-term financing for the capital construction costs and financial payment requirements of Victoria Village Projects, a long-term care and supportive housing complex located at 76 Ross Street (site of the old Royal Victoria Hospital). The outstanding balance of the loan at December 31, 2022 is $7,887,200.

(b) Public-private partnership ("P3") commitment:

The City has entered into a multiple-year P3 contract to design, build, finance, operate, and maintain the Barrie Transit Facility. The facility reached substantial completion in 2015. The information presented below shows the annual amounts under this contract for the capital cost, financing of the asset, and operating costs. The actual payments to the private partner are contingent on specified performance criteria and will include an annual inflation factor based on CPI from the preceding September where applicable.

	Capital and Financing	Operating	Total Annual Payments
	$	$	$
Annual service payment:	533,373	16,584,798	17,118,171

(c) Miscellaneous:

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

16. Contingent liabilities

Legal actions and claims have been instituted against the City. However, after reviewing the merits of these actions and claims with counsel and insurers, it is management's opinion that there will be no significant uninsured liability arising from these claims. Accordingly, no provision has been made in the accounts for any amounts claimed. Any future liability will be recorded if an amount is likely and measurable.

17. Provincial Offences Act ("POA")

The Ministry of the Attorney General requires all municipal partners administering the Provincial Offences Act to disclose in the year end audited consolidated financial statements a note on the gross and net provincial offences revenues earned. The following table provides condensed financial information required by the terms in the Memorandum of Understanding ("MOU") for the 2022 fiscal year with comparative figures for the year 2021:

	2022	2021
	$	$
Barrie POA Office:		
Revenues (net of refunds)	**3,519,308**	2,956,512
Expenses		
Provincial charges	**250,328**	195,128
City operating expenses	**2,931,192**	2,637,503
	3,181,520	2,832,631
Net revenue	**337,788**	123,881
Other		
Participating partners' share	**366,228**	234,059
City of Barrie share	**(28,440)**	(110,178)
Orillia POA Office:		
Revenues (net of refunds)	**1,465,811**	1,168,674
Expenses		
Provincial charges	**121,068**	86,605
City operating expenses	**1,007,365**	947,800
	1,128,433	1,034,405
Net revenue	**337,378**	134,269
Other		
Participating partners' share	**337,378**	134,269
City of Barrie share	**-**	-

18. Budget

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

	2022 Council approved operating budget	2022 Council approved capital budget	2022 Actual amortization adjustment	2022 Post employment benefit liabilities expense	2022 Budget as presented
	$	$	$	$	$
Revenue					
Taxation	270,911,765	-	-	-	270,911,765
User fees and service charges	89,816,771	-	-	-	89,816,771
Government transfers and grants	9,887,840	4,949,961	-	-	14,837,801
POA	6,310,500	-	-	-	6,310,500
Licenses and permits	6,999,936	-	-	-	6,999,936
Investment income	1,599,732	-	-	-	1,599,732
Other	8,723,175	466,702	-	-	9,189,877
Equity earnings of government business enterprise	5,928,175	-	-	-	5,928,175
Municipal contributions	2,061,632	-	-	-	2,061,632
Utilization of obligatory reserve funds	30,145,742	12,694	-	-	30,158,436
	432,385,268	5,429,357	-	-	437,814,625
Expenses					
General government	34,876,258	-	8,125,341	87,195	43,088,794
Protection services	110,314,732	-	7,479,931	7,940,070	125,734,733
Transportation services	49,521,197	-	17,928,820	56,014	67,506,031
Environmental services	68,801,996	-	25,198,104	145,934	94,146,034
Health services	9,125,310	-	105,813	103	9,231,226
Social and family services	9,017,752	-	38,001	1,981	9,057,734
Social housing	7,269,000	-	-	-	7,269,000
Recreation and culture services	38,077,644	-	6,799,658	-	44,877,302
Planning and development	8,249,418	-	1,225	136,162	8,386,805
	335,253,307	-	65,676,893	8,367,459	409,297,659
Budgeted debt repayment	29,765,164	-			
Budgeted interfund transfers	67,366,797	(22,369,914)			
Budgeted capital expenditures	-	51,340,852			
Budgeted debenture funding	-	(23,541,581)			
	-	-			

19. Segmented information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, and water. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities that they encompass are as follows:

General government

This item encompasses the revenues and expenses related to administrative departments and activities including Council, the Chief Administrative Officer Division, Finance, Human Resources, Legislative and Court Services, Legal Services, Information Technology and Corporate Facilities.

Protection services

This section represents Policing activities, Fire and Emergency Services, Building Code administration and enforcement, Municipal By-law enforcement including animal control and Provincial Offences administration including Court Services.

Transportation services

This segment services represent the activities for all roads maintenance and administration including winter control and responses, transit services, sidewalks, traffic signals and systems, parking and street lighting.

Environmental services

Activities of this segment include the property tax funded aspects of the environmental services, which are garbage collection, disposal, and recycling as well as storm water management and control. User rate funded activities for Water and Wastewater are mandated by the Province to be self funding and are included in this segment.

Health and social services

The expenses grouped in this segment relate primarily to services provided by the County of Simcoe as the Consolidated Service Manager, which includes Ontario Works, Land Ambulance, Social Housing, Homes for the Aged, and Childcare. District Health Unit contributions are also included.

Recreation and cultural services

All recreation facilities, program costs, parks maintenance, and related direct administration revenues and expense are included in this section. Library services are also included as well as costs related to cultural initiatives.

Planning and development

The Development Services department and Economic and Creative Development department activities are represented in this segment, along with revenues and expenses related to the Business Improvement Area in the downtown core.

Other funds and corporations

This segment captures the equity earnings from the City's Government Business Enterprise (Note 3) and contributed tangible capital assets.

19. Segmented information (continued)

									2022
	General government	Protection services	Transportation services	Environmental services	Health and social services	Recreation and cultural services	Planning and development	Other	Total
	$	$	$	$	$	$	$	$	$
Revenue									
Taxation	269,459,124	-	-	-	-	-	-	-	269,459,124
User fees and service charges	2,512,084	2,179,993	7,728,087	72,011,262	20,900	7,382,472	4,092,988	-	95,927,786
Government transfers and grants	4,197,006	6,074,607	5,007,822	2,523,765	134,528	576,197	1,688,482	-	20,202,407
POA	-	4,985,119	-	-	-	-	-	-	4,985,119
Utilization of obligatory reserve funds	24,488,371	176,206	9,230,795	11,576,430	2,560,532	199,220	23,391,810	-	71,623,364
Other	12,962,807	9,621,617	1,862,425	1,139,562	202,668	1,929,936	1,055,732	104,687,889	133,462,636
	313,619,392	23,037,542	23,829,129	87,251,019	2,918,628	10,087,825	30,229,012	104,687,889	595,660,436
Expenses									
Salaries and benefits	26,676,599	102,996,547	12,008,002	21,651,239	165,240	22,630,042	7,004,750	-	193,132,419
Goods and services	18,025,848	8,947,287	32,157,415	23,839,549	378,835	10,748,160	1,848,958	-	95,946,052
Interest	151,832	1,017,098	1,587,005	9,168,536	-	12,338	-	-	11,936,809
Transfer payments	18,628	2,495,529	173,373	-	28,705,697	826,482	1,713,756	-	33,933,465
Amortization of tangible capital assets	8,125,341	7,479,931	17,928,820	25,198,104	143,814	6,799,658	1,225	-	65,676,893
Other	4,672,421	835,412	436,084	2,549,511	18,439	815,579	483,398	-	9,810,844
	57,670,669	123,771,804	64,290,699	82,406,939	29,412,025	41,832,259	11,052,087	-	410,436,482
Annual surplus (deficit)	255,948,723	(100,734,262)	(40,461,570)	4,844,080	(26,493,397)	(31,744,434)	19,176,925	104,687,889	185,223,954

19. Segmented information (continued)

2021

	General government	Protection services	Transportation services	Environmental services	Health and social services	Recreation and cultural Services	Planning and development	Other	Total
	$	$	$	$	$	$	$	$	$
Revenue									
Taxation	254,605,714	-	-	-	-	-	-	-	254,605,714
User fees and service charges	897,985	2,049,399	6,439,483	70,844,794	5,170	3,350,021	2,152,966	-	85,739,818
Government transfers and grants	5,203,617	5,321,229	6,912,888	3,252,156	97,134	787,474	342,379	-	21,916,877
POA	-	4,125,186	-	-	-	-	-	-	4,125,186
Utilization of obligatory reserve funds	17,812,431	179,721	21,118,274	23,363,824	10,583	203,229	62,149	-	62,750,211
Other	6,373,450	9,164,666	1,807,763	1,305,659	360,431	1,171,362	773,906	24,458,525	45,415,762
	284,893,197	20,840,201	36,278,408	98,766,433	473,318	5,512,086	3,331,400	24,458,525	474,553,568
Expenses									
Salaries and benefits	25,381,349	105,965,421	12,291,604	21,130,388	94,512	19,303,232	5,063,597	-	189,230,103
Goods and services	16,378,301	8,036,476	33,461,730	33,245,056	383,196	9,230,274	1,447,827	-	102,182,860
Interest	153,301	1,068,705	1,296,663	9,485,311	-	21,837	-	-	12,025,817
Transfer payments	59,414	2,097,641	215,252	-	24,925,535	504,264	213,819	-	28,015,925
Amortization of tangible capital assets	6,360,394	6,826,682	17,219,631	25,546,443	143,816	6,880,728	1,156	-	62,978,850
Other	4,084,259	1,092,411	530,803	2,172,212	20,350	651,488	(1,409,659)	-	7,141,864
	52,417,018	125,087,336	65,015,683	91,579,410	25,567,409	36,591,823	5,316,740	-	401,575,419
Annual surplus (deficit)	232,476,179	(104,247,135)	(28,737,275)	7,187,023	(25,094,091)	(31,079,737)	(1,985,340)	24,458,525	72,978,149