

Consolidated Financial Statements

**CORPORATION OF THE
CITY OF NORTH BAY**

Year ended December 31, 2014

CORPORATION OF THE CITY OF NORTH BAY

Index to Consolidated Financial Statements

Year ended December 31, 2014

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 24

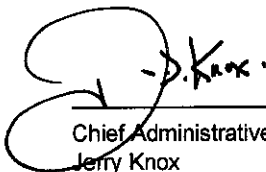
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying 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 Canada. A summary of the significant accounting policies are described in Note 1 to the 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 financial statements.

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



Chief Administrative Officer
Jerry Knox



Chief Financial Officer
Margaret Karpenko



KPMG LLP
925 Stockdale Road
North Bay ON P1B 9N5

Telephone (705) 472-5110
Fax (705) 472-1249
In Watts (1-800) 461-6139
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the City of North Bay which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of North Bay as at December 31, 2014 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 15, 2015
North Bay, Canada

CORPORATION OF THE CITY OF NORTH BAY

Consolidated Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
FINANCIAL ASSETS:		
Cash and cash equivalents (note 7)	\$ 19,302,918	14,263,969
Investments (note 3)	18,909,468	19,688,909
Taxes receivable	4,422,428	4,062,052
Accounts receivable (note 4)	8,494,320	15,486,645
Other assets	176,078	180,780
Loans receivable from government business enterprises (note 5(a)(vi) and (vii))	4,724,290	3,853,798
Notes receivable from government business enterprises (note 5(a)(v))	20,844,551	20,844,551
Investment in government business enterprises (note 5(b))	33,813,140	32,364,957
	<u>110,687,193</u>	<u>110,745,661</u>
FINANCIAL LIABILITIES:		
Accounts payable and accrued liabilities (note 6)	16,901,229	20,624,828
Deferred revenue - general	1,048,173	887,096
Deferred revenue - obligatory reserve funds (note 7)	3,784,702	3,737,051
Post-employment benefits and compensated absences payable (note 8)	14,109,066	13,729,206
Solid waste landfill closure and post-closure care liability (note 9)	2,291,658	2,266,443
Net long-term liabilities (note 10)	62,927,064	67,361,425
	<u>101,061,892</u>	<u>108,606,049</u>
NET FINANCIAL ASSETS	9,625,301	2,139,612
NON-FINANCIAL ASSETS:		
Tangible capital assets (note 21)	519,995,713	524,175,706
Other non-financial assets	2,382,643	2,404,897
Commitments (note 14)		
Contingent liabilities (note 15)		
Environmental indemnities (note 16)		
Accumulated surplus (note 12)	\$ 532,003,657	528,720,215

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

On behalf of Council:



Mayor



Chief Financial Officer

CORPORATION OF THE CITY OF NORTH BAY

Consolidated Statement of Operations

Year ended December 31, 2014, with comparative information for 2013

	2014 Budget (note 19)	2014 Total	2013 Total
Revenues:			
Property taxation	\$ 74,339,541	73,875,004	72,401,427
Taxation from other governments	4,002,708	3,922,512	4,063,758
User charges	32,327,055	31,705,216	31,658,619
Government transfers and grants	16,599,716	16,467,173	21,545,541
Licenses, permit fees and rents	1,950,849	1,898,491	2,162,265
Investment income	2,366,580	2,354,213	2,418,802
Provincial Offences Act (note 18)	1,670,000	1,602,733	1,718,858
Other	6,935,503	7,243,054	7,382,312
Equity earnings of government business enterprises (note 5(a))	-	2,257,310	2,410,734
	<u>140,191,952</u>	<u>141,325,706</u>	<u>145,762,316</u>
Expenses:			
General government	6,679,571	6,403,279	6,385,534
Protection services	36,399,845	36,548,175	36,045,483
Transportation services	36,736,349	36,868,739	36,749,637
Engineering and environmental services	27,289,840	25,109,228	24,080,569
Community services	15,586,751	15,687,313	15,637,118
Recreation and cultural services	14,560,368	15,559,117	13,930,851
Planning and development	1,646,695	1,866,413	1,878,873
	<u>138,899,419</u>	<u>138,042,264</u>	<u>134,708,065</u>
Annual surplus	1,292,533	3,283,442	11,054,251
Accumulated surplus, beginning of year	528,720,215	528,720,215	517,665,964
Accumulated surplus, end of year	<u>\$ 530,012,748</u>	<u>532,003,657</u>	<u>528,720,215</u>

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

CORPORATION OF THE CITY OF NORTH BAY

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2014, with comparative information for 2013

	2014 Budget (note 19)	2014 Total	2013 Total
Annual surplus	\$ 1,292,533	3,283,442	11,054,251
Acquisition of tangible capital assets	(28,866,703)	(18,597,390)	(44,062,531)
Amortization of tangible capital assets	22,392,120	22,392,120	21,371,283
Disposal of tangible capital assets	-	385,263	866,940
	(6,474,583)	4,179,993	(21,824,308)
Increase in other non-financial assets	-	22,254	419,857
Change in net financial assets	(5,182,050)	7,485,689	(10,350,200)
Net financial assets, beginning of year	2,139,612	2,139,612	12,489,812
Net financial assets, end of year	\$ (3,042,438)	9,625,301	2,139,612

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

CORPORATION OF THE CITY OF NORTH BAY

Consolidated Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Operating transactions:		
Annual surplus	\$ 3,283,442	11,054,251
Items not involving cash:		
Amortization of tangible capital assets	22,392,120	21,371,283
Equity earnings of government business enterprises	(2,257,310)	(2,410,734)
Increase in post-employment benefits and compensated absences payable	379,860	496,053
Increase in solid waste landfill closure and post-closure care liability	25,215	100,026
	23,823,327	30,610,879
Changes in non-cash operating balances (note 23)	3,144,034	(492,325)
	26,967,361	30,118,554
Capital transactions:		
Disposal of tangible capital assets	385,263	866,940
Acquisition of tangible capital assets	(18,597,390)	(44,062,531)
	(18,212,127)	(43,195,591)
Investing transactions:		
Change in portfolio investments	779,441	3,598,218
Loan receivable receipts	129,508	123,327
Loan receivable advances	(1,000,000)	-
Cash dividend received from government business enterprises	809,127	698,549
	718,076	4,420,094
Financing transactions:		
Proceeds from debt issues	-	13,468,225
Proceeds from interest free loan (note 10(a)(iv))	5,000,000	-
Debt repayments (note 10(a)(v))	(9,434,361)	(8,048,601)
	(4,434,361)	5,419,624
Net change in cash and cash equivalents	5,038,949	(3,237,319)
Cash and cash equivalents, beginning of year	14,263,969	17,501,288
Cash and cash equivalents, end of year	\$ 19,302,918	14,263,969

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

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

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

1. Significant accounting policies:

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

a) Reporting entity:

i) Consolidated entities:

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

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

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

ii) Investment in Government Business Enterprises:

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the City and inter-organizational transactions and balances are not eliminated. The government business enterprises included during the year and summarized in note 5 are:

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

iii) Related entities:

The following joint local boards are not consolidated:

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

iv) Accounting for school board transactions:

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

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

b) Basis of accounting:

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

c) Cash and cash equivalents:

Cash consists of balances held at financial institutions and all cash equivalents consist of highly liquid financial instruments with maturity of three months or less at acquisition.

d) Investments:

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

e) Inventories:

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

f) Tangible capital assets:

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

Land improvements	7 to 40 Years
Buildings	10 to 100 Years
Vehicles	2 to 30 Years
Machinery and equipment	3 to 40 Years
Computer hardware and software	4 Years
Roads	20 to 40 Years
Water and sewer	75 Years
Bridges and structures	75 Years
Work-in-process	No Amortization Prior to Project Completion

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

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

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

i) Actuarial cost method:

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

ii) Funding policy:

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

iii) Accounting policies:

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

h) Taxation and related revenues:

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established by City Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. The legislation limits assessment related increases in property tax bills to a minimum of 5 per cent annually for commercial, industrial and multi-residential classes of property until the affected properties are taxed at a level equivalent to the tax otherwise calculated based on their current value assessment. A normal part of the assessment process is the issue of supplementary rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

i) Government grants:

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

j) 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.

k) Investment income:

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

l) User fees and other revenues:

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

m) 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, Provincial Offenses Act receivables, allowances for doubtful accounts and other accrued liabilities and/or obligations. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Future accounting standards:

In 2010, PSAB issued PS 3260, Liability for Contaminated Sites. PS 3260 required that a liability for a contaminated site be recognized when, as at the financial reporting date, all of the following criteria are met with respect to a site or partial site:

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

PS 3260 is required to be adopted effective January 1, 2015. The City is assessing the impact of this standard on its consolidated financial statements.

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

3. Investments:

	2014	2013
Investments - bonds and GICs	\$ 18,909,268	\$ 19,688,709
Other	200	200
Total investments, end of year	\$ 18,909,468	\$ 19,688,909

The City's investments totalling \$18,909,268 are reported at cost and mature between 2015 to 2018, with yields ranging from 1.48% to 2.71%. The current short-term portion equals \$7,411,510.

4. Accounts receivable:

	2014	2013
Government of Canada	\$ 1,450,123	\$ 4,821,489
Province of Ontario	1,843,005	4,744,299
Other municipalities	-	119,111
North Bay Hydro Distribution Limited (note 5 (a) (ix))	121,543	135,696
Other	5,079,649	5,666,050
Total accounts receivable	\$ 8,494,320	\$ 15,486,645

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") and North Bay Hydro Services Inc. ("Services"). The following provides condensed combined financial information for Distribution and Services.

	2014	2013
Combined Statement of Financial Position		
Total Assets	\$ 93,519,939	\$ 91,082,722
Total Liabilities	\$ 59,706,799	\$ 58,717,765
Net Assets	33,813,140	32,364,957
Total Liabilities and Net Assets	\$ 93,519,939	\$ 91,082,722
Combined Statement of Operations		
Total Revenues	\$ 17,350,551	\$ 15,264,465
Total Expenses	15,093,241	12,853,731
Net income	\$ 2,257,310	\$ 2,410,734

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

5. Government business enterprises (continued):

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

- i) The City purchased electricity and services from Distribution including electrical energy in the amount of \$2,523,615 (2013 - \$2,371,339), street light energy in the amount of \$726,123 (2013 - \$784,314), construction activity in the amount of \$86,099 (2013 - \$194,280) and street light maintenance in the amount of \$43,649 (2013 - \$191,918).
- ii) The City received municipal taxes from Distribution in the amount of \$66,357 (2013 - \$59,134).
- iii) Distribution purchased goods and services from the City totalling \$229,340 (2013 - \$263,908).
- iv) The City received Conservation and Demand Management incentives from Distribution totalling \$118,982 (2013 - \$36,309).
- v) The City holds two promissory notes: (a) \$19,511,601 payable from Distribution and (b) \$1,332,950 payable from Services, totalling \$20,844,551 (2013 - \$20,844,551). Note (a) is unsecured, due upon twelve months written notice and bears interest of 5% per annum. Note (b) bears interest at 5% per annum and has no definite terms of repayment.
- vi) The City holds a loan receivable from Distribution related to the Merrick Landfill project. The loan bears interest at 4.90% and is receivable in monthly principal and interest instalments over 20 years. The balance at December 31, 2014 is \$3,724,290 (2013 - \$3,853,798).
- vii) The City holds a term loan receivable from Services for the development of a co-generation plant at the North Bay Regional Health Centre. The maximum principal amount of the loan is \$4,100,000 with interest at the Infrastructure Ontario Construction Rate for Power Generation Providers, to be advanced on the basis of progress payments from October 31, 2014 to October 31, 2015. Interest incurred on the interim advances totalling \$955 (2013 - nil) as at December 31, 2014 will be added to the principal amount payable on demand with 12 months written notice. At project completion the loan will bear interest at 3.60% and is receivable in monthly principal and interest instalments over 15 years. Interim advances at December 31, 2014 total \$1,000,000 (2013 - nil).
- viii) The City received interest in the amount of \$975,580 (2013 - \$975,580) from promissory note (a) and \$66,648 (2013 - \$66,648) from promissory note (b).
- ix) At December 31, 2014, the City balances include accounts receivable of \$121,543 (2013 - \$135,696) and accounts payable and accrued liabilities of \$394,648 (2013 - \$539,799) due to/from Distribution.

b) Investment in government business enterprises:

	2014	2013
Investment in government business enterprises, beginning of year	\$ 32,364,957	\$ 30,652,772
Equity in earnings	2,257,310	2,410,734
Cash dividend received	(809,127)	(698,549)
Investment in government business enterprises, end of year	\$ 33,813,140	\$ 32,364,957

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

6. Accounts payable and accrued liabilities:

	2014	2013
Government of Canada	\$ 146,080	\$ 5,081
Other municipalities	313,936	321,694
Interest on debt	113,679	140,651
Trade accounts payable	4,619,174	3,080,674
North Bay Hydro Distribution Limited (note 5 (a) (ix))	394,648	539,799
Other	11,313,712	16,536,929
Total accounts payable and accrued liabilities	\$ 16,901,229	\$ 20,624,828

7. Deferred revenue - obligatory reserve funds:

	2014	2013
Balance, beginning of the year	\$ 3,737,051	\$ 3,394,592
Federal gas tax contributions	3,195,428	3,310,814
Provincial gas tax contributions	495,603	992,218
Development contributions	278,176	841,527
Investment income	85,525	76,108
Utilization of funds	(4,007,081)	(4,878,208)
Deferred revenue - obligatory reserve funds, end of year	\$ 3,784,702	\$ 3,737,051
Analyzed as follows:		
Development charges	\$ 2,626,355	\$ 2,465,873
Federal gas tax contributions	7,102	9,151
Provincial gas tax contributions	128,893	138,595
Cash in lieu of parkland	612,229	601,616
Building Code Act	410,123	521,816
Deferred revenue - obligatory reserve funds, end of year	\$ 3,784,702	\$ 3,737,051

Included in cash and cash equivalents is restricted amounts of \$3,784,702 (2013 - \$3,737,051) with respect to the above obligatory reserve funds.

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

8. Post employment benefits and compensated absences payable:

	2014	2013
Sick leave benefits	\$ 7,404,732	\$ 7,152,596
Supplementary health benefits	6,704,334	6,576,610
Total post employment benefits and compensated absences payable	\$ 14,109,066	\$ 13,729,206

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

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

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

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

	2014	2013
Sick leave benefits:		
Accrued benefit, beginning of year	\$ 7,152,596	\$ 6,720,309
Amortization of unamortized actuarial gains/losses and other	152,073	152,073
Service cost for the year	1,003,918	944,109
Interest expense for the year	353,537	345,624
Benefits paid during the year	(1,257,392)	(1,009,519)
Accrued benefit liability and projected obligation, end of year	\$ 7,404,732	\$ 7,152,596
Supplementary health benefits:		
Accrued benefit, beginning of year	\$ 6,576,610	\$ 6,512,844
Amortization of unamortized actuarial gains/losses and other	24,448	24,449
Service cost for the year	309,941	291,476
Interest expense for the year	295,002	292,035
Benefits paid during the year	(501,667)	(544,194)
Accrued benefit liability and projected obligation, end of year	\$ 6,704,334	\$ 6,576,610

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

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

A comprehensive actuarial valuation was completed as at December 31, 2011 by an actuarial firm. The next valuation date will be for 2015, as at December 31. The main actuarial assumptions employed for the valuations are as follows:

- i) The discount rate was assumed at 4.25% per annum for Accrued Benefit Obligation ("ABO") (2013 - 4.25%) and 4.25% per annum for the 2014 expense (2013 - 4.25%).
- ii) Future general salary and wage levels were assumed to increase 3% per annum.
- iii) Health costs were assumed at 6.00% per annum for 2014, reducing by 0.3333% annually to 4% in 2020 (2013 hospital - 6.3333%, 2013 prescription drugs - 6.3333%, 2013 other medical and travel costs - 6.3333%).
- iv) Dental costs were assumed to increase at 4% per annum.
- v) The expected average remaining service life is 12 years for non-pension post retirement benefits and 11 years for post employment benefits.

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

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

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

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

There are currently no reserves set aside for either closure or post-closure activities. The Merrick site has remaining capacity of 1,318,000 cubic metres of waste and is estimated to have a remaining landfill life of approximately 19.4 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, 2014 for the current year post-closure liability of both sites in the amount of \$2,291,658 (2013 - \$2,266,443) and has been accrued in the consolidated financial statements. Based on a 35 year liability assumption, the total estimated future expenditures for post-closure of both Merrick and Marsh landfill is \$5,709,800 (2013 - \$5,760,507) of which \$3,418,142 (2013 - \$3,494,064) represents the amount of Merrick site future post-closure liability yet to be accrued.

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

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:

	2014	2013
Debentures (i)	\$ 40,364,619	\$ 47,508,742
Term loans (ii)	9,500,000	11,000,000
Hospital commitment (iii)	8,383,844	8,852,683
Interest free loan (iv)	4,678,601	-
Total net long-term liabilities (v)	\$ 62,927,064	\$ 67,361,425

- (i) The debentures bear interest at rates of 2.26% to 5.05%, repayable in annual principal payments of \$3,605,000 (2013 - \$3,946,000) and semi-annual principal payments of \$380,775 (2013 - \$435,650) and monthly principal payments of \$193,902 (2013 - \$193,902) plus interest, maturing in December 2015 to December 2027.
- (ii) The term loans bear interest at rates of 2.85% to 4.61%, repayable in semi-annual principal payments of \$200,000 (2013 - \$200,000) and quarterly principal payments of \$275,000 (2013 - \$275,000) plus interest, maturing in December 2018 to December 2021.
- (iii) During 2003, the City passed a resolution committing to pay \$1,000,000 per year for 20 years to the North Bay Regional Health Centre capital project. As at December 31, 2006, a formal agreement was executed which became effective when the construction tender for the new hospital was awarded. In 2007, the City made the first of 20 annual payments. Based on municipal borrowing rates of 6% for a 20 year debenture, the present value of the remaining 12 payments of \$1,000,000 is \$8,383,844.
- (iv) During 2013, the City signed an agreement with the North Bay Battalion Hockey Club Ltd. The agreement included a non-interest bearing loan granted to the City in the amount of \$5,000,000 to be applied to the construction and installation of the capital improvements to Memorial Gardens arena. The loan payments are equal to 50% of the capital reserve fund fees collected on ticket sales until \$1,100,000 is repaid to the Battalion. Thereafter, the repayments shall be based on 100% of the capital reserve fund fees collected on ticket sales. The minimum annual repayment is equal to \$135,000. In 2014, repayments totalling \$321,399 were made. The loan shall be repaid in full not later than July 30, 2028.
- (v) Total 2014 principal payments for long-term liabilities totalled \$9,434,361 (2013 - \$8,048,601).

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

10. Net long-term liabilities (continued):

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

	2014
2015	\$ 8,825,342
2016	8,219,610
2017	7,719,217
2018	7,237,721
2019	6,461,235
2020 thereafter	24,463,939
Total net long-term liabilities	\$ 62,927,064

The repayments are summarized as follows:

From municipal revenues	\$ 43,853,448
From user fees	19,073,616
Total net long-term liabilities	\$ 62,927,064

The repayments to be funded by municipal revenues include \$8,385,844 for the discounted hospital commitment noted in part 10a). The requirement to be funded through user fees includes a \$6,250,000 debenture for the water filtration plant that will be recovered from a water filtration plant surcharge over the next 13 years. The water filtration surcharge will equal up to a maximum of principal debenture plus interest. The requirement to be funded through user fees also includes the \$4,678,601 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.

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

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:

	2014	2013
General government	\$ 23,770	\$ 27,817
Protection services	46,910	52,596
Transportation services	829,818	815,836
Engineering and environmental services	604,313	543,416
Community services	541,161	557,699
Recreation and cultural services	336,567	274,649
Planning and development	-	19,064
Total interest payments	\$ 2,382,539	\$ 2,291,077

Interest includes accruals on long-term liabilities outstanding in the amount of \$113,679 (2013 - \$140,651).

12. Accumulated surplus:

	2014	2013
Investment in tangible capital assets	\$ 519,995,713	\$ 524,175,706
General surplus	9,145,599	9,560,182
Reserve funds	27,532,442	25,131,893
Equity in government business enterprises	54,657,691	53,209,508
Amounts to be recovered:		
Post employment benefits and compensated absences	(14,109,066)	(13,729,206)
Landfill closure and post-closure liabilities	(2,291,658)	(2,266,443)
Hospital commitment	(8,383,844)	(8,852,683)
Debt for tangible capital assets	(54,543,220)	(58,508,742)
Accumulated surplus, end of year	\$ 532,003,657	\$ 528,720,215

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

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 Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 450,000 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, 2014, the estimated accrued pension obligation for all members of the Plan was \$76.9 billion (2013 - \$73 billion). The Plan had an actuarial value of net assets at that date of \$69.8 billion (2013 - \$64.4 billion) indicating an actuarial deficit of \$7.1 billion (2013 - \$8.6 billion). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the City does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the City to OMERS for 2014 were \$4,531,936 (2013 - \$4,580,888).

14. Commitments:

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

In 2014 costs totalled \$1,025,581 (2013 - \$1,004,786) for waste collection and \$731,393 (2013 - \$694,036) for recycling.

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

In 2014 lease costs totalled \$94,332 (2013 - \$94,332).

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

In 2014 the contract costs to operate the landfill totalled \$907,700 (2013 - \$1,066,862).

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

In 2014, contract costs totalled \$515,019 (2013 - \$522,824).

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

15. Contingent liabilities:

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

16. Environmental indemnities:

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

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

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

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

The City may also have environmental liability related to a former industrial parcel on Memorial Drive known as the Kenroc site.

Monitoring costs in 2014 were \$50,807 (2013 - \$12,240) and data is summarized in annual reports provided to the Ministry of Environment.

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

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

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

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. As at December 31, 2013, the City's portion of the claim reserve was \$400,980 and open claims for the above-noted period was 84. During 2014, a lump sum payment of \$232,052 was made to OMEX to satisfy the City's 2014 supplemental assessment.

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 following table provides condensed financial information required by the terms in the Memorandum of Understanding (MOU) for its 2014 fiscal year with comparative 2013 figures:

	2014	2013
Revenues (net of refunds)	\$ 1,717,262	\$ 1,650,812
Year end accrual	(114,529)	68,046
	1,602,733	1,718,858
Expenses: Provincial charges	176,647	168,629
City operating	1,044,237	1,069,061
	1,220,884	1,237,690
Net revenue	381,849	481,168
Participating partners share	192,501	213,057
City of North Bay share	\$ 189,348	\$ 268,111

The City's consolidated statement of operations includes an accrual for POA receivables in the amount of \$260,647 (2013 - \$375,176). The calculation for collectible accounts receivables was estimated based on a five-year trend.

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

19. Budget:

Budget data presented in these consolidated financial statements is based on the 2014 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.

	2014
Budget By-law for the year	\$ -
Add: Debt principal repayments	9,036,140
Investment in tangible capital assets	28,866,703
Less: Other transfers and adjustments	(1,813,115)
Amortization of tangible capital assets	(22,392,120)
Post employment benefits and compensated absences payable	(379,860)
Landfill closure and post-closure liabilities	(25,215)
Debt proceeds	(12,000,000)
Budget surplus per statement of operations	\$ 1,292,533

20. Credit facility agreement:

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

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

21. Tangible capital assets:

	Land & Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computer Hardware & Software	Roads	Water & Sewer	Bridges & Structures	Leasehold Improvements	Work in Process	2014 Total
Cost, beginning of year	\$ 106,288,742	109,741,617	32,443,186	74,743,266	5,902,237	238,830,949	193,088,237	35,420,722	1,851,578	55,716,916	854,027,450
Additions during the year	1,797,721	20,911,982	1,112,440	5,358,254	111,129	4,573,143	8,982,128	1,671,836	-	11,728,939	56,247,572
Disposals during the year	-	(13,782)	(3,894,313)	(899,543)	(1,399,776)	(1,007,335)	(94,662)	(90,497)	-	(37,650,182)	(45,050,090)
Cost, end of year	108,086,463	130,639,817	29,661,313	79,201,977	4,613,590	242,396,757	201,975,703	37,002,061	1,851,578	29,795,673	865,224,932
Accumulated amortization, beginning of year	46,319,437	31,738,575	18,745,979	38,022,478	5,176,048	112,059,181	66,944,391	10,706,788	138,867	-	329,851,744
Amortization expense	3,586,534	2,792,168	2,251,875	3,606,908	333,527	6,406,739	2,763,595	604,485	46,289	-	22,392,120
Disposals during the year	-	(12,113)	(3,736,335)	(857,072)	(1,399,776)	(880,886)	(39,798)	(88,665)	-	-	(7,014,645)
Accumulated amortization, end of year	49,905,971	34,518,630	17,261,519	40,772,314	4,108,799	117,585,034	69,668,188	11,222,608	185,156	-	345,229,219
Net book value, beginning of year	59,969,305	78,003,042	13,697,207	36,720,788	726,189	126,771,768	126,143,846	24,713,934	1,712,711	55,716,916	524,175,706
Net book value, end of year	\$ 58,180,492	96,121,187	12,399,794	38,429,663	503,791	124,811,723	132,307,515	25,779,453	1,666,422	29,795,673	519,995,713

	Land & Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computer Hardware & Software	Roads	Water & Sewer	Bridges & Structures	Leasehold Improvements	Work in Process	2013 Total
Cost, beginning of year	\$ 101,449,705	106,292,604	30,909,456	71,908,507	5,610,105	230,961,940	186,900,591	35,169,939	1,851,578	42,150,264	813,204,689
Additions during the year	4,364,629	3,732,926	2,728,395	2,874,414	317,209	8,918,825	6,686,740	272,741	-	46,694,915	77,190,794
Disposals during the year	(125,592)	(283,913)	(1,194,665)	(39,655)	(25,077)	(1,048,816)	(499,094)	(21,958)	-	(33,128,263)	(36,368,033)
Cost, end of year	106,288,742	109,741,617	32,443,186	74,743,266	5,902,237	238,830,949	193,088,237	35,420,722	1,851,578	55,716,916	854,027,450
Accumulated amortization, beginning of year	42,859,479	29,641,333	17,513,278	34,730,650	4,747,965	106,444,427	64,564,966	10,258,615	92,578	-	310,853,291
Amortization expense	3,506,139	2,334,263	2,284,570	3,331,483	442,413	6,337,283	2,622,089	466,764	46,289	-	21,371,283
Disposals during the year	(46,181)	(237,011)	(1,051,869)	(39,655)	(14,330)	(722,529)	(242,664)	(18,591)	-	-	(2,372,830)
Accumulated amortization, end of year	46,319,437	31,738,575	18,745,979	38,022,478	5,176,048	112,059,181	66,944,391	10,706,788	138,867	-	329,851,744
Net book value, beginning of year	58,590,226	76,651,271	13,396,178	37,177,857	862,140	124,517,513	122,335,625	24,911,324	1,759,000	42,150,264	502,351,398
Net book value, end of year	\$ 59,969,305	78,003,042	13,697,207	36,720,788	726,189	126,771,768	126,143,846	24,713,934	1,712,711	55,716,916	524,175,706

CORPORATION OF THE CITY OF NORTH BAY

Notes to Financial Statements

Year ended December 31, 2014

22. Segmented information:

The City and associated local Agencies, Boards and Commissions provide a wide range of services to the citizens of the City. These services can be segmented as follows:

a) General Government:

General Government consists of Office of the Mayor, Council, 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 mostly of fire and police services. Police services provides adequate and effective policing that meet the needs of the community in areas of: crime prevention, law enforcement, assistance to victims of crime, public order and emergency response. Fire Protection includes fire suppression, fire prevention, fire safety education, rescue and emergency services and the training of persons involved in the provision of these activities. Protection services also includes bylaw enforcement and the building department. The building department provides a number of services including enforcement of building and construction codes.

c) Transportation Services:

Transportation services consists mainly of roadway systems, public transit and the parking authority. Roadways includes the maintenance and repair of the City's roads, sidewalks, drainage systems, traffic flow, street lights, as well as winter control (sanding, salting, snow plowing and removal). Public transit is responsible for the operation of a public transportation system including the maintenance and repairs of a fleet of transit buses. 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.

d) Engineering and Environmental Services:

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

e) Community Services:

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

f) Recreation and Cultural Services:

Recreation and cultural services support and maintain (but are not limited to) community parks, recreational programs and the public library. Recreational and cultural programs include: festivals, beach facilities and various community events.

g) Planning and Development:

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

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

22. Segmented information:

	General Government	Protection	Transportation	Engineering & Environmental	Community Services	Recreation & Cultural	Planning & Development	2014 Total
Revenues:								
Property taxation	\$ -	-	-	-	-	-	-	73,875,004
Taxation from other governments	-	-	-	-	-	-	-	3,922,512
User charges	291,104	351,251	6,407,515	23,097,014	-	1,466,418	91,914	31,705,216
Government transfers and grants	6,346	1,319,249	4,671,994	1,600,684	8,097,197	621,626	150,077	16,467,173
License, permits fees and rents	977,871	-	-	-	-	920,620	-	1,898,491
Investment income	2,344,428	-	9,784	-	-	-	-	2,354,213
Provincial Offences Act	-	1,602,733	-	-	-	-	-	1,602,733
Other	2,827,500	712,896	536,310	1,797,326	-	1,131,863	237,139	7,243,054
Equity in earnings of government business enterprises	-	-	-	-	-	-	-	2,257,310
	6,447,250	3,986,129	11,625,603	26,495,024	8,097,197	4,140,547	479,130	141,325,706
Expenses:								
Salary and benefits	2,723,167	30,672,713	11,172,066	7,987,053	-	7,230,513	1,212,372	60,997,884
Materials	668,763	2,796,533	11,055,089	6,722,863	-	4,114,287	577,883	25,937,418
Contracted services	758,685	1,581,606	1,960,900	4,145,367	-	1,042,160	59,344	9,548,062
Rents and financial	105,939	60,532	316,202	187,061	-	98,570	9,235	777,539
External transfers	-	515,541	-	-	15,146,153	345,008	-	16,006,702
Interest	23,770	46,910	829,818	604,313	541,160	336,568	-	2,362,539
Amortization of tangible capital assets	2,122,955	872,340	11,534,664	5,462,571	-	2,392,011	7,579	22,392,120
	6,403,279	36,548,175	36,868,739	25,109,228	15,687,313	15,559,117	1,866,413	138,042,264
Annual surplus	\$ 43,971	(32,562,046)	(25,243,136)	1,385,796	(7,590,116)	(11,418,570)	(1,387,283)	3,283,442

	General Government	Protection	Transportation	Engineering & Environmental	Community Services	Recreation & Cultural	Planning & Development	2013 Total
Revenue:								
Property taxation	\$ -	-	-	-	-	-	-	72,401,427
Taxation from other governments	-	-	-	-	-	-	-	4,063,758
User charges	239,406	398,933	6,542,157	22,862,555	-	1,478,429	137,139	31,658,619
Government transfers and grants	68,598	1,228,481	4,834,425	4,882,793	8,956,300	1,428,195	146,749	21,545,541
License, permits fees and rents	1,207,024	-	-	-	-	955,241	-	2,162,265
Investment income	2,406,514	-	11,028	-	-	1,260	-	2,418,802
Provincial Offences Act	-	1,718,858	-	-	-	-	-	1,718,858
Other	2,538,862	601,977	1,125,284	1,532,665	-	1,499,868	83,656	7,382,312
Equity in earnings of government business enterprises	-	-	-	-	-	-	-	2,410,734
	6,460,404	3,948,249	12,512,894	29,278,013	8,956,300	5,362,993	367,544	145,762,316
Expenses:								
Salary and benefits	2,831,246	30,240,277	11,316,428	7,805,703	-	7,014,654	1,181,362	60,389,670
Materials	689,244	2,732,716	11,372,936	6,102,933	-	3,218,554	559,723	24,676,106
Contracted services	758,635	1,531,093	1,833,388	4,168,384	-	971,379	101,415	9,364,294
Rents and financial	21,737	99,486	222,633	194,801	-	125,920	11,130	675,507
External transfers	-	528,623	-	-	15,079,419	332,085	1	15,940,128
Interest	27,817	52,596	815,836	543,416	557,699	274,649	19,064	2,291,077
Amortization of tangible capital assets	2,056,855	860,692	11,188,416	5,265,532	-	1,993,610	6,178	21,371,283
	6,385,534	36,045,483	36,749,637	24,080,569	15,637,118	13,930,851	1,878,873	134,708,065
Annual surplus	\$ 74,870	\$(32,097,234)	\$(24,236,743)	\$ 5,197,444	\$(6,680,816)	\$(8,567,858)	\$(1,511,329)	11,054,251

CORPORATION OF THE CITY OF NORTH BAY

Notes to Consolidated Financial Statements

Year ended December 31, 2014

23. Change in non-cash working capital:

	2014	2013
Decrease (increase) in taxes receivable	\$ (360,376)	\$ (370,457)
Decrease (increase) in accounts receivable	6,992,325	(7,117,492)
Decrease (increase) in other financial assets	4,702	(39,747)
Increase (decrease) in accounts payable and accrued liabilities	(3,723,599)	6,586,832
Increase (decrease) in deferred revenue	161,077	(313,777)
Increase (decrease) in obligatory reserve fund	47,651	342,459
Decrease (increase) in other non-financial assets	22,254	419,857
	<u>\$ 3,144,034</u>	<u>\$ (492,325)</u>

24. Subsequent event:

On April 1, 2015 the City issued a debenture in the amount of \$9,225,000 that bears interest at a rate of 2.02% repayable in monthly principal payments of \$76,875 plus interest maturing in April 2025. The proceeds of the debt issuance is for capital infrastructure expenditures.

25. Comparative information:

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