Part	4	**Finance**	**4.1.1.1.**
Section	1	Treasury Policies	
Sub-Section	1	Tax Collection	
Policy	1	Equal Payment/Pre-authorized Payment Plan	

THAT…the City establish an Equal Payment/Pre-authorized Payment Plan (EPP/PAP) for the convenience of taxpayers.

(R. 1996-102 96.07.17)

The City uses a budget cycle, which formally begins in July, and ends with Council adopting the completed budget in December (Except in an election year, where the budget is adopted in February of the following year). The steps followed in the budget preparation are detailed below.

July

Budget Committee, consisting of all members of Council, convenes a pre-budget strategy session where upcoming issues are discussed, and Council provides direction to staff.

July/August

Treasury staff prepare background information for distribution to Department Heads. This information includes:

- Escalation rates for major consumables such as electricity, natural gas, fuel, and water,
- Payroll expenses by department. These costs assume a normal cost of living, and take into account labour progressions.
- Budget expense summaries which include prior year full year expenditures, current year budget, and current year expenditures to July 31.

August/September

Department Heads and Agency Heads forecast year-end operating results, and prepare preliminary operating budgets for the following year, based on service levels previously approved by Council.

Department and Agency heads are also expected to identify any service level changes which the department/agency may wish to recommend to budget committee. These requests will be the subject of supplementary budget reports.

Department and Agency heads are also expected to prepare one page write-ups on proposed capital expenditures. These write-ups will identify the project, the need for the project, funding required, and proposed funding source.

September/November

The City Treasurer receives the preliminary budgets from Department/Agency Heads, and tabulates them into a consolidated budget for the City.

The Chief Administrative Officer and City Treasurer arrange meetings with each Department/Agency Head to review the proposed budgets. The purpose of these meetings is:

- to ensure that the base operating budget contains funding requests for service levels which Council has approved
- to ensure that appropriate inflationary factors are used in the budget preparation
- to review opportunities for revenue enhancement

In November the Chief Administrative Officer and City Treasurer meet with County staff to review budgets of the social services provided to the City by the County.

The City Treasurer updates the consolidated City budget with changes made during these meetings.

The accumulated Capital budget requests are distributed to Department Heads. Department heads meet to review all of the requests, and prioritize them for Budget Committee review. Agency Heads are requested to attend these meetings at appointed times to answer questions regarding their requests.

September/October

Department Heads meet to prioritize the supplementary operating budget requests for Budget Committee.

Treasury staff prepare the preliminary operating and capital budget documents, and the Chief Administrative Officer's office co-ordinates the collection of supplementary budget requests, and budget committee reports. This combined budget package is provided to Budget Committee with an agenda for budget meetings to be held in November (February following an Election year).

November (February following an Election year)

Budget Committee meets, and reviews the material provided with the agenda package.

Specifically, Committee reviews and recommends for Council approval the budget as a series of individual issues, including base budget, changes to maintain service levels, and increases or decreases to service levels. These recommendations take into account the Committee's discretion on available funds and the resulting level of tax increase.

Budget Committee then reviews the Capital budget requests, and recommends for Council approval only those the Committee deems warranted given the available funds, or the resulting level of tax increase.

December (February following an Election year)

The Budget Committee report is presented to Council for ratification. Treasury staff update the budget document for the changes made at budget deliberations. Treasury staff begin preparing tax (rate) options for presentation to Council in April-May.

May

Tax rate by-laws, and a final updated version of the budget document is presented to Council for approval.

(R. 2006-181 06.06.26)
(R. 2015-76 15.04.20)

THAT…significant savings achieved in a budget component are expected to be retained in an operating surplus and should not be used to overspend on other budget components without prior Council approval.

AND THAT this policy be applied to all agencies and departments of the City.

(R. 2006-73 06.03.06)

Part	4	**Finance**	**4.1.3.3.**
Section	1	Treasury Policies	
Sub-Section	3	Budget	
Policy	3	Budgets and Asset Accounting – Ontario Regulation 248/09	

That annual budgets be prepared excluding amortization costs, future year post-employment benefits and landfill closure/post-closure costs from the current year's financing requirements as allowed by Ontario Regulation 284/09.

With the implementation of tangible asset accounting in 2009, the Province passed additional legislation to address the budget process. Ontario Regulation 284/09 allows municipalities to continue their budget process without significant change.

The regulation requires Council to adopt an annual report analyzing the impact on the City's bottom line for the expenses not funded. For the 2010 budget year, the report shall be submitted to Council when Council receives the 2009 financial statements. For 2011 and subsequent years, the report shall be submitted in coordination with the annual budget meetings in February.

(R. 2010-228 10.09.20)

Part	4	**Finance**	**4.1.3.4.**
Section	1	Treasury Policies	
Sub-Section	3	Budget	
Policy	4	Capital Budget Preparation Guidelines	

Appropriate budgeting practices must become uniform to ensure low contingencies are not existent prior to both deign and tendering.

As all projects carry risk, it is important to understand those risks, take steps to mitigate risk and carry appropriately sized budget contingencies. Inadequately planning for risk can adversely damage a City's reputation as a project manager and can lead to unforeseen expenditures. In addition, using good costing practices serve as a check and balance helping to ensure value for money as projects proceed through design and construction.

As projects are rarely designed at budget time, staff efforts should focus on developing detailed specifications of a project scope to support budgetary requests.

Guideline for Budget Preparation

Project Planning	"Normal" Contingency
Project has been tendered and awarded	5%
Project has been designed but not yet tendered.	10%
Project has a detailed specification but has not been designed nor tendered.	15%
Project is concept only.	20%
Should the project include any unusual risks, additional amounts may be identified. Contingencies may be reduced for simple projects where the City has considerable experience.	

Why is Contingency Required?

Risk	How is it Mitigated?	Typical Value
Scope Creep: Projects at the conceptual stage are often incomplete. As the projects take shape, often the scope of the project will increase.	By having a very detailed complete and thought out list of requirements.	5-10% typically depending on the nature of the project.
Design Risk: During design the requirements are often refined and omitted items add to the program.		
Tender Risk: The actual price will fluctuate based on the bids received and competition and scarcity of work.	By having clear tender documents that do not unduly transfer risks to bidders. Tender when contractors are hungry for work.	5% typically depending on the nature of the project and competition in the market place.
Construction Risk: Every project has unforeseen challenges during construction addressed by change order.	By having complete and detailed tender documents.	5-10% The number can vary with the type of work and site conditions. For example, contaminated sites or work within water bodies would carry more risk.
Site Conditions: Once construction begins, unforeseen site conditions may be discovered.	By having a strong understanding of the site typically through sampling and inspection.	
Total Contingency		5-25% depending on the amount of planning, site conditions and nature of the project.
Special Contingencies • Trouble project risk • Unusual tender risk • Complexity risk	Design the tender not to unduly transfer risks to the contractor. Uncertainty comes with a cost.	Additional amounts as needed.

(R.2012-208 12.07.17)

…THAT…balances accumulated in the City's job cost benefit overhead account be transferred to the Tax Rate Stabilization Reserve annually.

As part of the accounting system for job costing, differences between the actual benefit costs and the average rates used in the accounting system are maintained in a temporary holding account. Based upon recommendations from the auditors and staff, any surplus or deficit balance will be transferred to the Tax Rate Stabilization Reserve annually.

(R. 2012-181 12.07.16)

THAT…new or replacement computer equipment acquisitions, including computers, servers, printers, digital cameras, scanners, and related computer switch gear be acquired through a three to five year internal lease arrangement (as appropriate);

AND THAT all computer equipment leases be reviewed for appropriateness by the Treasurer and City Manager, and arranged by the IT Division, and any computer equipment lease payments be made through the IT operating budget, with appropriate chargebacks to the budgets of agencies and commissions;

AND THAT funding for the investment in the computer equipment be provided by an appropriately funded Reserve;

AND THAT the investment from the Reserve be repaid, with interest, over the initial term of the lease;

AND THAT lease interest rates will be set by the City Treasurer according to market rates in place at the onset of any new lease arrangement.

(R. 2001-382 01.12.17)

…THAT staff be authorized to convey the City of Orillia's willingness to accept private support for public recreation and park services activities.

AND THAT staff be authorized to enter into a standardized agreement with prospective donors, with the provision that the donation is less than $2,000.00.

AND THAT staff be authorized to enter into interim draft agreements with prospective donors of more than $2,000.00, subject to reporting to and approval by Council.

THAT staff be authorized to accept credit card payments from persons wishing to make donations to the City of Orillia;

AND THAT donations received for the Trails for Life project by the City of Orillia be held separately in a general ledger account designated for this purpose, and that receipts for income tax purposes be issued to donors in accordance with Section 110.1 and Section 118.1 of the Income Tax Act;

AND THAT the City of Orillia agree to provide the up-front cash flow for pledges extending beyond July 1, 2000, where the City Treasurer is satisfied with the financial stability of the donor.

THAT staff of the Department of Culture and Heritage be authorized to accept donations to enhance Opera House Programming and to provide scholarships;

AND THAT tax receipts be issued for donations which meet the criteria of the Canada Revenue Agency.

THAT…donations be accepted for the Orillia Youth Opportunities Committee;

AND THAT receipts be issued, pursuant to sections 110.1 and 118.1 of the *Income Tax Act* for donations of $50 or more.

(R. 1992-190 92.04.27)
(R. 1999-201 99.08.09)
(R. 2005-92 05.04.04)
(R. 2005-276 05.10.24)

1.0 INTRODUCTION

In the ordinary course of business the City of Orillia accumulates excess cash balances that are not required for short-term operating or capital purposes. Excess funds are to be invested in approved products to earn interest income above the amount that would be earned if left in the City's bank account.

1.1 Purpose

This policy describes strategies and controls for managing the Company's cash investment program.

1.2 Approval

This policy has been approved by City Council. Investing activities of the City must be approved, executed and reported on as outlined in this policy.

2.0 POLICY

2.1 Corporate Objective

The City's main objective is to invest excess corporate cash holdings in a prudent manner as authorized by Council. Specifically:

- Investments will be purchased to secure capital and minimize risk;
- and
- A reasonable level of return commensurate with risk, terms and volume will be sought.

2.2 General Policy

Investments will only be made in products authorized by Ontario Regulation 438-97.

3.0 RESPONSIBILITIES & APPROVALS

Identification of the excess funds available for investing is the responsibility of the City Treasurer. Investing of these excess funds in accordance with the rules established in this policy is also the responsibility of the City Treasurer. At the discretion of the City Treasurer, the Manager of Accounting Services is authorized to assist with investing activities as detailed below.

For each investment, two approvals are required:

City Treasurer and one of the Chief Administrative Officer or Manager of Accounting Services.

4.0 PROCEDURE

4.1 Cash Flows

Based on the approved annual operating and capital budgets, the Treasurer will prepare a cash flow forecast, using reasonable and prudent assumptions regarding the average collection cycle of taxes and other receivables and timing of cash outflows for operating and capital expenditures. The resulting monthly cash flows will be used to determine the amount and timing of investment products to be purchased.

The cash flow forecast prepared in this manner will be updated on a quarterly basis and will take into account updated operating and capital plans and forecasts.

4.2 Timing and Maturity Dates

Investing activities should be reviewed on a regular basis as actual, revised and forecasted operating and capital plans are completed. Maturity dates should be staggered so that investment cash inflows occur throughout the year. Investment terms should vary and take into account future spending needs.

4.3 Investment Products

Investments will only be made in products authorized by Ontario regulation 438-97.

4.4 Banks and Dealers

Approved investment products can be purchased through banks or investment dealers.

4.5 Records & Accounting

Records of investing activities including matured and outstanding investments will be held and maintained by the Treasurer, who is also responsible for ensuring that the investing transactions are accounted for and disclosed in accordance with generally accepted accounting principles and the City's accounting policies and practices.

4.6 Reporting

On an annual basis, a Treasurer's Report will be prepared and submitted to Council for review. The Treasurer's Report will provide details of investment balances and month-to-date and year-to-date investment income against budget. A brief narrative of results to date will also be provided.

4.7 Evaluation of Performance & Strategies

The primary objective of the investing strategy outlined in this policy is to minimize the City's exposure to loss of capital. For this reason, the results of investing activities will be measured in terms of the net investment income recorded in the consolidated results of operations compared to budget and average returns available for similar investment products.

(R. 2003-167 03.05.12)
(R. 2015-76 15.04.20)
(R. 2018-159 18.08.16)

1. STATEMENT OF POLICIES AND GOALS

The purpose of this policy is to establish a framework and outline requirements for entering into leases of municipal capital facilities, and for reporting such leases to Council as required under the *Municipal Act* and *Municipal Act, 2001*, as amended, and Ontario Regulation 177/2002.

Leasing is an important option for local governments. For a number of reasons, the City may prefer to lease an asset rather than purchase it outright. The choice may be a function of strategic investment or of comparative cost. It may be economically advisable for the City to enter into lease arrangements in order to acquire the rights to use capital property and equipment, including some or all of the benefits and risks of ownership, for specific periods of time and stipulated rental payments.

When entering into a lease arrangement, possible risks need to be assessed, such as the following:

- Leasing an asset may be more costly than buying it, if the terms of the lease are negotiated without conducting a thorough lease versus purchase analysis to assess whether terms available through leasing are more or less favourable than other arrangements.
- Risk of obsolescence may be transferred to the lessee.
- The lease is a contractual agreement and generally non-cancellable prior to its expiration.
- Fixed contractual charges have to be met.
- When the asset is expected to have a residual value at the end of the lease period, any future benefit of this residual value is lost if the asset is leased.

1.1 DEFINITIONS

For purposes of this policy the following terms are defined as:

- <u>Financing Lease</u>
  A lease allowing for the provision of municipal capital facilities if the lease may or will require payment by the municipality beyond the term for which the council was elected.

- <u>Material Impact</u>
  An individual financing lease with annual payments exceeding $30,000 is considered by Council and the Treasurer to have a material impact for the purposes of Section 5 of this policy.

  Further, any combination of leases entered into or proposed to be entered into in any year by the City, with total annual payments exceeding 5% of the City's

Annual Repayment Limit as prescribed by Ontario Regulation 799/94, is considered by Council and the Treasurer to have a material impact for the purposes of Section 5 of this policy.

- Municipal Capital Facilities
  includes land, works, equipment, machinery and related systems infrastructure.

1.2 CLASSES OF MUNICIPAL FACILITIES

Financing lease agreements may be entered into for the provision of the following classes of municipal capital facilities:

- facilities used by council
- facilities used for the general administration of the municipality
- municipal roads, highways and bridges
- municipal facilities related to the provision of telecommunications, transit and transportation
- municipal facilities for water, sewers, sewage, drainage and flood control
- municipal facilities for the collection and management of waste and garbage
- municipal facilities related to policing and by-law enforcement
- municipal facilities related to fire services
- municipal facilities relating to recreational, cultural and library services
- municipal facilities relating to economic development and heritage preservation

2.0 SCHEDULE OF FIXED PAYMENTS

Prior to approving any financing lease Council shall be presented with a schedule of all fixed amounts of payment required under the lease including amounts required under any possible extension or renewal of the lease.

2.1 FINANCIAL ADVICE

The Treasurer shall prepare a report to Council with recommendations, assessing, in the opinion of the Treasurer, the costs and financial and other risks associated with the proposed financing lease, including:

- a comparison between the fixed and estimated costs and the risks associated with the proposed lease and those associated with other methods of financing,

- a statement summarizing, as may be applicable, the effective rate or rates of financing for the lease, the ability for the lease payment amounts to vary, and the methods or calculations, including possible financing rate changes, that may be used to establish that variance under the lease,

- a statement summarizing any contingent payment obligations under the lease that in the opinion of the Treasurer would result in a material impact for the municipality, including lease termination provisions, equipment loss, equipment replacement options and guarantees and indemnities,

- a summary of the assumptions applicable to any possible variations in the lease payment and contingent payment obligations, and

- any other matters the Treasurer or Council considers advisable including whether the scope of the financing lease warrants obtaining independent financial advice.

3.0 LEGAL ADVICE

The City shall obtain independent legal advice with respect to the proposed financing lease.

4.0 REPORTING

Where Council has entered into one or more financing leases in a year the Treasurer shall prepare and present to Council in that year a detailed report containing:

i a description of the estimated proportion of the total financing arrangements that have been undertaken through financing leases to the total long-term debt of the City and a description of the change in that estimated proportion since the previous year's report.

ii a statement by the Treasurer as to whether, in their opinion, all financing leases were made in accordance with the provisions contained in this policy.

5.0 EXCEPTIONS

A financing lease may be entered into without complying with this policy if the financing lease is deemed by the Treasurer not to materially impact the City's debt and financial obligation repayment limit. The definition of material impact to be considered by the Treasurer in making this determination is included in Section 1.1 of this policy.

A financing lease may be entered into without complying with this policy if the "lessee" is a City Reserve Fund. The Reserve Fund asset purchase must comply with the City's purchasing by-law.

(R. 2003-45 03.02.10)

1 GENERAL

It is the policy of the City of Orillia to record and report tangible capital assets in the accounts of the Municipality for financial statement purposes. Such accounting will facilitate compliance with the national standards for accounting in the public sector (PSAB).

The policy outlines the recognition of the assets, the determination of their acquisition costs and amortization charges and the recognition of any related impairment losses. In addition, the policy is designed to:

- Protect and control the use of tangible capital assets.
- Provide accountability over tangible capital assets.
- Gather and maintain information needed to prepare financial statements.

The policy will be in effect upon approval and is in accordance with the Public Sector Accounting Board (PSAB), PS 3150 requirement to report tangible capital assets on or after January 1, 2009.

1.1 Scope:

This policy applies to all City departments, boards and committees and other organizations falling within the financial reporting requirements of the City of Orillia. This policy is intended to ensure the City of Orillia is compliant with the asset accounting guidelines as set out in PSAB 3150, but does not address all aspects of the longer term goal of asset management.

1.2 Tangible Capital Asset Definition:

The definition of a Tangible Capital Asset in accordance with PSAB 3150 is:

- Non-financial assets having physical substance;
- Held for use in the production or supply of goods and services, for rental to others, for administration purposes or for development, construction, maintenance or repair of other capital assets;
- Useful economic life extends beyond one year;
- Will be used on a continuing basis;
- Not for sale in the ordinary course of operations.

Tangible Capital Assets include (but not limited to):

- Buildings and Facilities – administration centre, arenas, libraries, community halls, fire halls, public works buildings;
- Roads, bridges, culverts, road signs, street lights, sidewalks;
- Fleet, fire trucks, roads equipment, ice resurfacers;
- Land - parks, cemeteries, playgrounds, open space, under buildings and facilities;
- Land improvements – parking lots, tennis courts, baseball field/diamonds, trails, pavilions;

- Wastewater systems, water systems – underground infrastructure, plants and pump houses;
- Computer hardware and software;
- Office furniture, equipment, fixtures, shelving and library books;
- Historical Treasures or Works of Art should only be acknowledged in financial statements.

Tangible Capital Assets do not include:

- Crown land (not transferred);
- Intangibles such as patents, goodwill;
- Natural resources;
- Cost of studies such as Official Plan or Environmental Assessment Master Plans;
- Items held for resale;
- Financial assets such as cash or shares owned by the Municipality.

2 POLICY

Tangible capital assets are reported in the financial statements in the following major categories:

- Opening balances;
- Additions;
- Disposals;
- The amount of any write-downs in the period
- Annual amortization;
- Accumulated amortization;
- Net book value; and
- Comparatives for the period ending.

Tangible capital assets are reported on a historical basis. The cost of a tangible capital asset is capitalized at the time of acquisition or construction and amortized over its useful life. Work-in-progress and related carrying costs must be capitalized.

Land is usually identified separately from other assets and is not amortized due to the unlimited life of the asset.

Works of art and historical treasures are not recognized as tangible capital assets, as a reasonable estimate of the future benefits cannot be made. Their existence and nature are, however, disclosed in the financial statements.

2.1 Authority:

Each Department Head/Agency Head will be responsible for assets within and shared by their department and will be required to sign-off on the inventory register. A representative from Treasury Department will confirm the contents of inventory register with the physical assets – "Floor to Sheet Audit".

Department Heads will be required to sign-off on an annual inventory register highlighting disposals, acquisitions and write-downs within the year. Confirmation of the estimated useful life and replacement costs of each asset listed is also required at the time of annual review.

2.2 Acquisition of New Assets:

The ***Acquisition Form - TCA*** (Refer Appendix 1) is completed upon the acquisition of a capital asset and forwarded to the Treasury Department with accompanying invoices/documentation and the Department Head's authorization. (Refer Appendix 4 for information on capitalizing Project Costs)

The cost of a tangible capital asset includes direct construction or development costs (such as materials and labour) and overhead costs directly attributed to the acquisition, construction or development of the asset. These costs may include, but are not limited to:

- Amounts paid to vendors;
- Transportation/freight charges to the point of initial use;
- Handling and storage charges;
- Direct production costs (for assets produced or constructed), such as labour (non-government employee costs), materials, supplies etc.;
- Engineering, architectural and other outside services for designs, plans, specifications and surveys;
- Acquisition and preparation costs of buildings and other facilities;
- An appropriate share of the costs of the equipment and facilities used in construction work and tenant improvement costs;
- Fixed equipment and related installation costs required for activities in a building or facility;
- Direct costs of inspection, supervision and administration of construction contracts and construction work;
- Legal and recording fees and damage claims;
- Fair values of land, facilities and equipment donated to the province;
- Appraisal costs;
- Advertising costs;
- Application fees;
- Utility costs;
- Site preparation costs;
- Transportation insurance costs;
- Customs and duty charges;
- Interest charges during acquisition, construction or development (up to substantial completion of 97%).

Costs of a general nature such as expenditures for feasibility studies, post implementation reviews, training, training materials, etc. are never capitalized. If in doubt whether a cost should be capitalized, please contact the Deputy Treasurer.

In the purchase/construction of a combination of assets, the cost of each is determined by allocating the total price on the basis of its relative fair value at the time of acquisition or construction to each of the assets.

Where assets consist of a number of components, each component should be accounted for as a separate asset, where the cost/benefit supports detailed breakdown reporting of information.

Where the purchase of land is one part of a packaged deal or a series of transactions, the substance of all elements of the agreements must be analyzed to determine whether or not they impact the capitalized value of the land. Such packaged deals/serial transactions should clearly identify which costs relate to land acquisition and which costs relate to other objectives such as area development or industrial incentive.

When an acquired tangible capital asset includes a portion that will not be used, the asset cost shall include all components and disposal costs. For example, the cost of acquired land that includes a building that is to be demolished includes the cost of the land and building, and the cost of demolishing the building.

If the historical cost and accumulated amortization of fully amortized assets are not available, the assets are to be recorded at their residual value, when it is material and estimable, or at a nominal value.

The acquisition date is the earliest of:

- The date the asset is received by the municipality; or
- The date legal ownership of the asset passes from the seller to the purchaser.

Items not meeting the capitalization threshold shall be expensed in the year of acquisition. Refer “Capitalization Thresholds” topic.

2.3 Capitalization Thresholds

Assets valued above the threshold will be recorded on the Statement of Financial Position and amortized annually on the Statement of Operations. Assets valued below the threshold are recorded as expenditures on the Statement of Operations in the year acquired.

The recommended thresholds for capitalizing assets will be applied on a historical cost basis and are outlined below:

• All land	Capitalize
• Land Improvements	$10,000
• Buildings and Facilities	$25,000
• Equipment and Furniture	$10,000
• Vehicles	$ 5,000
• Linear Assets	$50,000
• Asset Pools	$20,000

Thresholds will be reviewed as required.

<u>2.4 Asset Classes:</u>
Asset classes will be established in accordance with the Public Sector Accounting Board reporting guidelines and recommendations from municipal accounting organizations. Those classes will include:

- Land
- Land Improvements
- Buildings and Facilities
- Equipment and Furniture
- Vehicles
- Linear Assets
- Capital Work-in-Progress

The Capital Work-in-Progress class will include buildings, facilities, infrastructure and projects not substantially complete at year-end. Although the expenditures will be recorded as they occur, and disclosed on the financial statements, the asset will not be assigned to a class until the asset is placed into service and/or receive substantial completion. At that time the asset will be moved into the appropriate asset class other than capital work-in-progress and amortization will commence.

To meet the requirements of provincial reporting (Financial Information Return), assets will also need to be identified by their function/specific function i.e. Protection Services – Fire, Police, Conservation Authority, Emergency Measures, Provincial Offences etc.

<u>2.5 Betterments:</u>
A betterment is a material cost incurred to enhance the service potential (useful life or capacity) of a tangible capital asset. A betterment will:

- Increase the previously assessed physical output or service capacity;
- Significantly lower associated operating costs (efficiency);
- Extend the life of the property; or
- Improve the quality of the output.

Maintenance and expenditures for repairs that do not prolong an asset's economic life or improve its efficiency are not betterments; these costs are charged to the accounting period in which they are incurred. They would include such things as:

- Repairs to restore assets damaged by fire, flood or similar events, to the condition just prior to the event;
- Expenditures necessary to realize the benefits originally projected.

Betterments, which extend the useful life or improve the efficiency of the asset, must be added to the historical cost and amortized. The amortization rate applied to the betterment should reflect the increase in the useful life of the asset. However, the amortization period of the betterment cannot exceed that of the asset class to which it relates.

Example - Replacement of pavement on a segment of road:
(OMBI Municipal Guide to Accounting for Tangible Capital Assets Version 2, January 2007)

"Assume the asset is treated as a single asset. Assume the expenditure did not increase capacity, improve quality or decrease operating costs on that segment. If the original useful life of the asset – in this case, the road – contemplated that surface replacement was necessary to achieve its originally anticipated useful life, the expenditure would be treated as a repair and expensed in the period. If it could be determined that the expenditure did increase the originally anticipated useful life (for example the thickness of pavement was increased to 5" from 3"), it would be considered capital in nature. The original cost and accumulated amortization of the road surface replaced would have to be deleted, a loss on disposal recognized and the new carrying amount of the asset amortized over the new estimated life.

If the road were accounted for using a component approach – road surface and road bed treated as separate assets – the resurfacing would be treated as a new asset. The old asset would be disposed of when replaced. The cost and accumulated amortization would be deleted and a loss on disposal recognized in the period if the old pavement was not fully amortized."

Other examples:

- *Betterment – lowering operating costs: Building's old windows replaced with energy efficient windows;*
- *Betterment – improving service: Paved a gravel sidewalk.*

Any other expenditure would be considered a repair or maintenance and expensed in the period.

2.6 Work-In-Progress:

Work-In-Progress (or “Construction in Progress”) represents the costs incurred to date on a project, which is not substantially complete (<97% complete) or for systems, the earlier of 97% complete or when the system is not in production at the end of the fiscal year. Examples include highways or custom developed computer/software systems that are not ready for use.

Work-In-Progress for assets under development or construction (as described above) must be recorded on the Balance Sheet for the accounting period. All costs including carrying charges and property taxes associated with holding assets (land) that are currently in the construction phase are to be capitalized.

If an incomplete project is terminated or put on hold indefinitely, any costs currently recorded as Work-In-Progress must be written off.

Where a project has distinct, multiple, completely self-contained phases that will be brought into production or use at different points of time, the department should use professional judgement and consult with the Treasury Department to determine the appropriate timing for transfers from Work-In-Progress to Assets.

Work-In-Progress is not amortized. Work-In-Progress balances must be reconciled and the appropriate transfers made to completed assets or written off to ensure that only active, but incomplete Work-In-Progress is carried forward to the next period. This reconciliation should be done annually.

2.7 Amortization:

Unless otherwise stated, the acquisition cost (historical cost) less the residual value of capital assets must be amortized over estimated useful life, on a straight-line basis. Normally there will be no residual value used for any asset class, except for vehicles, machinery and equipment. Residual values for vehicle, machinery and equipment should be based on the useful life established by the department and past experience with trade-in values or disposal proceeds.

Land normally has an unlimited life and is not amortized.

Useful Life and Thresholds

(See *Appendix 4- “Capital Asset Useful Life Guidelines”)*

The useful life is normally the shortest of the asset's physical, technological, commercial or legal life. Each department, board and organization within the City will be responsible for establishing the useful life of its assets. Assistance will be provided by the Treasury Department if necessary. Normally, there will be no residual value used for any asset class, except for vehicles, machinery and equipment. Residual values for vehicle, machinery and equipment should be based on the useful life established by the department and past experience with trade-in values or disposal proceeds.

Recording Amortization

Amortization will be pro-rated for assets acquired during the year. Assets will be deemed “in-service” on the first day of July of the actual year. For example, an asset acquired or in-service on November 18, 2009 will be recorded on the asset register as July 1, 2009.

Amortization Review and Revision

The estimate of the remaining unamortized portion of a tangible capital asset should be reviewed on a regular basis and revised when a change is clearly appropriate

2.8 Component Approach

Tangible capital assets may be accounted for using either the single asset or component approach. The component approach is used in cases where the major components have significantly different useful lives and consumption patterns than the related tangible capital asset. The water infrastructure system is a good example of an asset recorded using the component approach; major components are grouped with others having similar characteristics and estimated useful lives. The use of this approach will depend on the usefulness of the information versus the cost of collecting and maintaining information at the component level. For assets acquired before January 2009, the single asset approach may be used if detailed information is not available.

2.9 Pooling (Grouping) Assets

Where individual assets are below the threshold value, but their total group value is too large to ignore, pooling is the suggested method for recording these assets. These assets are usually bought in volume and their total value is significant. Pooled assets are recorded as a unit but, may be tracked individually in the asset register and for asset management purposes. Examples of a pool include library books, shelving, street lights, office equipment, office furniture, stacking chairs/tables, fire hydrants, computers, water meters, firefighter uniforms.

The recommended threshold for total assets in a pool is $20,000. Assets should not be pooled if the value of an individual asset is more than 30 % of the value of the entire pool.

Procedures

The pool of assets is set up and valued at the combined historical cost of the individual assets in the pool. Where historical cost information is not available, replacement costs can be used and deflated using CPI to the average acquisition year of the pool.

Closed Pool: The pool is amortized as a unit; assets are not added or deducted from this pool, but rather the original pool is systematically written off. (Example -office furniture will be pooled on an annual basis and amortized over a ten year period.)

Open Pool: The pool is amortized as a unit. Assets acquired are added to the pool and assets that are disposed of are deducted from the pool and the net book value adjusted for the changes. (Example – fire hoses will be pooled and adjusted when purchases and disposals occur.)

2.10 Valuation of Capital Assets

Tangible capital assets should be recorded at historical costs (actual costs at time of acquisition) including all ancillary charges necessary to place the asset in its intended location or condition for use, but does not include administration overhead.

Since most financial records have a retention period of only seven years, actual documentation of older assets may not be available. Properly documented verification from long-term staff may be utilized for asset valuation if none of the following methods provide a more accurate estimate.

In cases where the historical cost is unavailable, a replacement cost methodology will be used. Assets in this case will be valued using the cost of replacing the asset with one that has the same functionality and capacity but has a different physical form or uses the most common current technology. A discount factor such as the Consumer Price Index (refer Appendix 5 – CPI Deflation Rates) will be used to discount the replacement costs back to the date the asset was acquired.

Appraisals may be required if replacement costs are not readily available. The appraisal should take into account the date of acquisition or a deflation index will need to be applied. Appraisal may be especially appropriate for land and buildings.

As a last resort, a nominal fee of $1 can be assigned if no other valuation methods are possible or if the asset is old enough to have surpassed its useful or projected life. This nominal value may also be used for assets that have no value to anyone other than the municipality such as cemetery land, land under road allowances, and other lands.

If a tangible capital asset has exceeded its estimated useful life, the asset should still be added to the inventory of assets, even though the asset is fully amortized.

The cost of donated or contributed assets that meet the criteria for recognition is equal to the fair value at the date of construction or contribution. Fair value may be determined using market or appraisal value. Costs may be determined by an estimate of replacement cost. Ancillary cost should be capitalized.

The asset's net book value should be reduced, or written-down, to reflect the decline in the asset's value. There are however, no “write-ups” or increases in the value of assets recorded on financial statements.

Department Heads should notify the Treasury Department if any write-downs occur and indicate the effective date and documented value of write-down. The Treasury Department is responsible for adjusting the asset register and accounting records for the write-down.

2.11 Disposal of Assets

Disposal of tangible capital assets will be processed in accordance with the City's Procurement By-law and is the responsibility of the appropriate Department Head. Department Heads should notify the Treasury Department when assets become surplus to operations.

When tangible capital assets are taken out of service, destroyed or replaced due to obsolescence, scrapping or dismantling, the Department Head must notify the Treasury Department of the asset description, the effective date and the proceeds of the disposal if any, using the **Disposal Form - TCA** *(Appendix 2)* . This will include the sale or trade-in of an asset.

In both cases, the Treasury Department is responsible for updating the asset register and accounting records recording a loss or gain on the disposal based on the current net book value for that asset. If the disposal and sale transaction occur in the same fiscal year, the difference between the net book value and the proceeds will be recognized as a gain/loss on disposal in one year and a gain in disposal in a subsequent year.

Disposal Costs

Loss anticipated on disposal: If there is an estimated loss on disposal of a municipal asset, the loss would be recognized as an expense, at the date on which management adopts a formal plan of disposal. Disposition costs are all expensed.

Gain anticipated on disposal: If there is an estimated gain on disposal of a municipal asset, the disposition costs may be treated in several ways. For the disposition of a municipal asset which will occur within a fiscal year, whether or not a formal plan of disposition has been adopted, disposition costs are all expensed.

For the disposition of municipal assets that will occur over several fiscal periods and before the date of adoption of a formal plan of disposition, disposition costs are all expensed until a formal plan of disposition is adopted. Costs incurred after the adoption of a formal plan of disposition and prior to receipt of the proceeds of disposition would be eligible for deferral. Any deferred costs would be deducted from proceeds in calculating the net gain on disposal. Once a decision has been made to defer project costs, the decision applies to all costs associated with the project. It is not permissible to defer the costs in one fiscal year and expense them in another fiscal year unless there has been an abandonment of the disposal plan or there has been a revision of the expected gain on disposal such that the anticipated gain is insufficient to cover the full costs of disposal.

Any gain arising from net proceeds on disposition should be recognized only when realized.

Trade-Ins

Trade-ins occur when an asset is disposed of and replaced with a new asset through the same supplier in the same transaction. This transaction should be accounted for as two separate entries. The trade-in value should be treated as proceeds of disposal and is used in calculating the gain or loss on the disposal of the asset being traded in. The new asset acquired is recorded at its full cost – it is not reduced by the trade-in value of the old asset.

Insurance Claims

Proceeds from insurance claims are to be recorded as proceeds of disposal and form part of the gain/loss on disposal of the original asset.

<u>2.12 Asset Write-downs & Write-offs</u>

A **write-down** is used to reflect a partial impairment in the value of an asset. A **write-off** is used to reflect 100 percent impairment in the value of an asset.

Capital assets are written-off in instances where they are destroyed, stolen, lost or obsolete. The write-off of a tangible capital asset requires approval by the department head.

Any abandoned or indefinitely postponed projects must be written-down to their net realizable value and charged to the period in which the abandonment or indefinite postponement occurs.

When the reduction in the value of the asset can be objectively estimated and it is expected to be permanent, the tangible capital asset must be written down. An asset write-down cannot be reversed. Conditions, which may indicate a write-down is necessary, include:

- a change in the manner or extent to which the tangible capital asset is used;
- removal of the tangible capital asset from service;
- physical damage;
- significant technological developments;
- a decline in, or cessation of, the need for the service provided by the asset;
- a decision to halt construction of the asset before it is complete or in usable or saleable condition; or
- a change in the law or environment affecting the extent to which the asset can be used.

An asset is never written up except on initial capitalization or as a result of betterment.

2.13 Sales and Transfers of Tangible Capital Assets

Transfers of tangible capital assets from one department to another must occur at the net book value to ensure that gains/losses are not recorded.

Sales/Transfers to External Third Parties

Where assets are transferred from the Municipality to an external party, the assets are removed from the tangible capital asset records. The gain/loss on disposal is recorded immediately.

Transfers are to be made at market value. The difference between the market value and the book value of a transferred asset will be recorded as an expense of the transferring department.

Exchange of Similar Assets with External Parties

Where similar assets with similar fair market values are exchanged, the details of the old asset must be removed from the tangible asset records and the details of the new asset added. There would be no change in net book value of reported assets (i.e. no write-up to fair market value for the old asset or the new asset).

If the fair market value of the asset given up exceeds the fair market value of the similar asset acquired, the difference is recorded as an expense. There would be no change in net book value of reported assets unless the fair market value of the asset received is less than the book value of the asset given up.

If the fair market value of the asset given up is less than the fair market value of the similar asset acquired, the difference is treated as revenue. The net book value of the reported assets would also have to be written up by the same difference.

If the assets are not similar, the transaction is recorded separately as a sale and purchase.

2.14 Capital Leases

Capital leases will be accounted for as acquiring a capital asset and incurring a liability. A lease will be accounted for as an operating lease when the net present value of the future minimum lease payments or fair value, whichever is less, is less than the threshold for the category of the asset being leased. If a lease is made up of a capital acquisition portion and a maintenance contract portion, the capital portion must be separated to determine the above valuations.

From the view-point of the lessee, a lease would normally transfer substantially all the benefits and risks of ownership from the lesser to the lessee when, at inception of the lease, one or more of the following conditions are present:

- There is reasonable assurance that the lessee will obtain ownership of the leased property by the end of the lease term or when the lease provides for bargain purchase option. A bargain purchase option is a provision allowing the lessee an option to purchase the leased property for a price that is sufficiently lower than the expected fair value of the property at the date the option becomes exercisable that, at the inception of the lease, exercise of the option appears to be reasonably assured.

- The lease term is of such duration that the lessee will receive substantially all the economic benefits expected to be derived from the use of the leased property over its life span. This condition is considered to be met if the lease is for a term equal to or greater than 75% of the economic life of the leased property.

- The lessor would be assured of recovering the investment in the leased property and of earning a return on the investment as a result of the lease agreement. This condition would exist if the present value at the beginning of the lease term, of the minimum lease payments, excluding any portion relating to executor costs, is equal to 90% or more of the fair value of the leased property. In calculating the present value of the stream of lease payments, at the inception of the lease, the discount rate used by the lessee would be the lower of the lease's rate for incremental borrowing for a term equal to the initial lease term and the interest rate implicit in the lease, if known.

Even if the lease does not meet any of the three tests, if it transfers substantially all of the benefits and risks of ownership to the lessee, the transaction should be accounted for as an acquisition of an asset and an incurrence of an obligation by the lessee. Accounting advice from the Treasury Department should be sought.

At the inception of a capital lease, an asset and a liability must be recorded at the lesser of:
- The present value of the minimum lease payments, and
- The property's fair value at the beginning of the lease.

The capitalized value of an asset under a capital lease must be amortized consistent with the following:
- If the lease has a bargain buy out option or allows ownership to pass to the lessee, the asset must be amortized on a straight-line basis over the useful life of the associated asset class.

- In all other circumstances the asset should be amortized on a straight-line basis over the lesser of the lease term and the useful life of the associated asset class.

Assets leased under a capital lease must be disclosed separately to distinguish between assets that the municipality owns and those that it only has the right to use.

All other leases are to be accounted for as operating leases, where rental payments are expensed as incurred.

Procedures
To record the capital lease expenditure and its related liability, the present value of the minimum lease payments must be calculated at the beginning of the lease term. The discount rate to use for the present value calculation would be the lower of the government's borrowing rate and the interest rate implicit in the lease (if known).

The capitalized value of an amortizable asset under a capital lease is amortized on a basis that is consistent with the amortization policy for similar capital assets.

Inquiries regarding the above policies on Tangible Capital Assets should be directed to the Treasury Department.

(R. 2010-246 10.09.27)

Appendix 1 – Acquisition Form - TCA
Appendix 2 – Disposal Form - TCA
Appendix 3 – Complex Projects
Appendix 4 – General Tangible Capital
Appendix 5 – Consumer Price Index Deflation Rates 2006-1914

Appendix 1

Acquisition Form – TCA
(for single/simple asset acquisition)

Capitalization Thresholds		
Land - all to be capitalized	Land Improvements - $10,000	Buildings/Facilities - $25,000
Machinery/Equipment - $10,000	Vehicles - $5,000	Linear Assets - $50,000

Asset Type	
Improvement to Asset	
Functional Asset Class	
Specific Funct'l Asset Class	
Primary Asset Class	
Asset Description	
Serial Number	
Date of Acquisition	
In-Service Date	
Location	
Position Responsible	
Useful Life	
Purchase Price	$
PO # and/or Contract #	
Manufacturer	
Supplier #1	
Supplier #2	
Disposal Value	$
Asset Condition and Date	
Comments:	
Recommended by:	
Department Head Authorization:	
Date:	
Attach a copy of all costing/invoices and forward to the Treasury Department	

Appendix 2

Disposal Form – TCA
(for single/simple asset disposal)

Asset Type		
Improvement to Asset		
Functional Asset Class		
Specific Funct'l Asset Class		
Primary Asset Class		
Asset Description		
Serial Number		
Date of Disposal		
Disposal Proceeds	$	
Copy of Cheque Attached	Yes:	No:
Trade-In Received	$	
Comments/Instructions:		
Department Head Authorization		
Date:		
Attach a copy of all documentation to support the asset disposal and forward to the Treasury Department		

Appendix 3

Complex Projects

Many of the City's projects are complex in nature, require more than one fiscal year to complete and/or result in the addition of many asset types to the asset register. In these cases, a customized report will be required to attribute the project costs to the new assets.

Example: Road Reconstruction Project

The following information is required:

1. *Road Construction Cost –including length in meters and area in sq. meters;*
2. *Sidewalk Construction Cost – including area in sq. meters;*
3. *Cost of replacing/adding Hydrants – including number in-service;*
4. *Cost of replacing/adding Manholes – including number in-service;*
5. *Watermain Construction/Betterment Cost – including length in meters;*
6. *Sanitary Sewer Construction/Betterment Cost – including length in meters;*
7. *Storm Sewer Construction/Betterment Cost – including length in meters.*

Please contact Treasury to discuss the information required to capitalize the project costs.

Appendix 4

General Tangible Capital

Asset Classes, Capitalization Thresholds and Useful Life

Asset Class	Asset Description General Tangible Capital Assets	Capitalization Threshold	Useful Life (yrs)
Land	• Real property in the form of a lot or area • Includes the purchase price and all closing costs to acquire the land • Costs associated with the permanent improvements of the land, such as re-grading or filling, are added to the cost of the land • Excludes land held for resale	$0 (all land is capitalized)	n/a
Land Improvement	• Includes all costs excluding land and buildings incurred in the development of land to facilitate various recreation and economic pursuits • Examples include, but are not limited to, driveways, parking lots, trails, paths, fencing, ball diamonds, soccer fields, tennis courts	$10,000	
	• Fencing/gates		20
	• Landscaping		15
	• Parking lots – Concrete, Brick, Stone		30
	• Parking lots – Asphalt, Gravel		20
	• Parking Structures		40
	Parks and Recreation – Recreation: • Athletic Fields, Bleachers, Tennis Court, Board Walks, Horseshoe Pitches		20
	• Basketball Court, Outdoor Lighting, Outside Sprinkler System, Patio, Retaining Wall, Running Track		25
	• Ball Diamonds, Soccer Fields		30
	• Multi-purpose pad		40
	• Fountains, Stadiums, Swimming Pools, Sea Walls, Bulkheads		50
	• Docks/Piers		20-30
	• Bike/Jogging Path – gravel		15
	• Bike/Jogging Path – asphalt		20
	• Bike/Jogging Path - concrete		30

Asset Class	Asset Description General Tangible Capital Assets	Capitalization Threshold	Useful Life (yrs)
Buildings	• All buildings, which function independent of an infrastructure network and are made of solid construction • Includes office buildings, sport and recreation facilities, storage facilities, libraries and theatres • Roof • Construction – Minor • Construction – Major • Facility – HVAC, Boiler • Leaseholds	$25,000	40-50 20 20 40 20-25 10
	Parks and Recreation – Parks: • Picnic Shelter, Sheds		30
	• Garage, Greenhouse		40
	• Park Buildings – Other, Bandshells		40-50
	Parks and Recreation – Recreation: • Arena • Arena – Condenser/refrigeration, compressor, HVAC, heating units		50 25
Equipment	• All types of equipment or machinery, other than that used for infrastructure activity • Trimmers, Hand mowers	$10,000	5-25 5
	• Communications Equipment		10
	• Garbage Packer, Farm Tractor, Bobcat Utility vehicle, Topdresser, 10ft Mower/Snowblower, Lawn Mower – large, Garden Tractor, Landscape/Tilt Bed Trailer, Tree Stumper		10
	• Restaurant Equipment		10
	• Parking Meters		10
	• Trailer – Box, water tank, other		15
	• Transmission Towers		20
	• Flat Bed Trailer		20

Asset Class	Asset Description General Tangible Capital Assets	Capitalization Threshold	Useful Life (yrs)
	Parks and Recreation – Recreation: • Pool – Chlorinator		8
	• Athletic Equipment		10
	• Curling Resurfacer		10
	• Pool Heater		15
	• Zamboni		15
	• Pool Filter & Components		20
	• Pool Pump & Return Lines		25
	• Outdoor Recreation Equipment, Playground Equipment, Splash Pad		20
	Library: • Book Mobiles		5
	• Audio Visual		7
	• Library Trucks		10
	• Books		2-7
	• Shelving		50
	Culture: • Sound, Lighting		7
	• Draperies, Flies		20
	• Piano Lift		20
	• Piano		20-50
	Protection and Service – Fire: • Fire Department Equipment/Hoses		10
	• Defibrillator		7
	• Boat Trailers		5
Vehicles	Automobiles, vans, light trucks, trailers, motorcycles, and snowmobiles, boats • Light Vehicles – Cars, ½ and ¾ ton Pickups, Vans	$5,000	5-20 5
	• Bus Refurbishment		5-10
	• Medium Vehicles – Dump Truck		10
	• Boats		10

Asset Class	Asset Description General Tangible Capital Assets	Capitalization Threshold	Useful Life (yrs)
Vehicles Cont'd	• Heavy Vehicles – Bucket Truck		15-20
	• Buses		15-20
	Protection and Service – Fire: • Light Fire Vehicles		8
	• Fire Trucks		15
Furniture & Fixtures	• Office Furniture, Tables, Filing Cabinets, Lockers, Book Shelves		10
Information Technology (Equipment)	Purchase and installation of personal computers/software, peripherals, LAN servers, off-the-shelf and related upgrades or licenses for individual personal computers and LAN or communication software. Also includes equipment used in processing information and supporting computers systems. • Computer Hardware and Software	$10,000	3-15 3-5
	• Photocopiers		5
	• Audio Visual Equipment		7
	• Telephones		10
	• Election Tabulators		15

Asset Class	Asset Description Infrastructure Tangible Capital Assets	Capitalization Threshold	Useful Life (yrs)
Land	• Includes land purchased or acquired for use under roads, road allowances, water and wastewater systems • Excludes land held for resale	$0 (all land is capitalized)	n/a
Land Improvement	• Land Improvements as defined in the General Capital Asset Class that are associated with City's Infrastructure	$10,000	30-60
	• Well		30
	• Dam - Earthen		40
	• Dam - Concrete		50
	• Lagoons and Inlet Structures		50
	• Reservoirs		50-60
Buildings	• Buildings as defined in the General Capital Asset Class that are associated with the City's Infrastructure • Buildings include Water Treatment Plant/Buildings, Sewage Treatment Plant/Buildings, Pumping Station, Scale House	$25,000	20-50
Equipment	• All types of Equipment and Machinery that are associated with the City's Infrastructure	$10,000	5 -50
	Roads: • Road Signs		10
	• Hydrants		25
	• Traffic Lights		30
	• Traffic Light Components: Lamps-Incandescent (2 yrs), LED (8 yrs)		2-8
	• Traffic Light Components: Opticoms		10

Asset Class	Asset Description Infrastructure Tangible Capital Assets	Capitalization Threshold	Useful Life (yrs)
	• Traffic Light Components: Hung Wire, Controllers		15
	• Traffic Light Components: Control Signal, Controller Cabinet		20
	• Traffic Light Components: Stop Flashers, Amber Flashing Beacon		25
	• Traffic Light Components: Mast Arms, Poles		30
	• Street Lights		40
	• Street Light Components: Poles - Concrete		40
	• Street Light Components: Poles – Metal, Wood		20
	• Street Light Components: Luminaire		15
	• Street Light Components: Lamps (High Pressure Sodium)		3
	• Trailer		5-10
	• Sidewalk Machine-Snow removal, Loader Backhoe, Wood Chipper, Tractor/Heavy Equipment, Aerial Device, Compactor, Street Flusher, Roller Compactor, Leaf Loader, Grader, One-Way Snow Plow and Wing, Snow Plow Blade, Reversible Plow		10
	Water/Wastewater: • Tools – Hand or Power Driven, Machine, Meters, Hydraulic		10
	• Water Meters		15
	• Water Pumping Stations – Pump, Generators		20
	• Filtration Treatment System, Residue Management System		40
	• Water Control Valves, Water Valve Chambers, Sanitary Manholes, Water Tanks		50
	• Sewer Flusher		10
	• Sewage Treatment – Pumps, Generators		20
	• Clairgester - Motor		25
	• Sewage Treatment Plant – Tank, CSO Tanks, Clarifiers		50
	Asset Description Infrastructure Tangible Capital Assets	Capitalization Threshold	Useful Life (yrs)
	• Bridge Component: Prestressed Concrete/Steel without Truss		45
	• Bridge Component: Structure/Steel with Truss		50
	• Bridge Component: Abutments		100

Appendix 5

Consumer Price Index Deflation Rates 2006-1914

2007 **102.2** **2.20%**

YEAR	CPI 1992=100	CPI 2006=100	CHANGE FROM PREVIOUS YEAR	$1,000.00 IN 2006 WAS =	$1.00 IN 1914 IS NOW =
2006	129.9	100.0	2.0%	$1,000.00	$18.04
2005	127.3	98.0	2.2%	$979.98	$17.68
2004	124.6	95.9	1.9%	$959.20	$17.31
2003	122.3	94.1	2.8%	$941.49	$16.99
2002	119.0	91.6	2.2%	$916.09	$16.53
2001	116.4	89.6	2.6%	$896.07	$16.17
2000	113.5	87.4	2.7%	$873.75	$15.76
1999	110.5	85.1	1.7%	$850.65	$15.35
1998	108.6	83.6	0.9%	$836.03	$15.08
1997	107.6	82.8	1.6%	$828.33	$14.94
1996	105.9	81.5	1.6%	$815.24	$14.71
1995	104.2	80.2	2.2%	$802.16	$14.47
1994	102.0	78.5	0.2%	$785.22	$14.17
1993	101.8	78.4	1.8%	$783.68	$14.14
1992	100.0	77.0	1.5%	$769.82	$13.89
1991	98.5	75.8	5.6%	$758.28	$13.68
1990	93.3	71.8	4.8%	$718.24	$12.96
1989	89.0	68.5	5.0%	$685.14	$12.36
1988	84.8	65.3	4.0%	$652.81	$11.78
1987	81.5	62.7	4.4%	$627.41	$11.32
1986	78.1	60.1	4.1%	$601.23	$10.85
1985	75.0	57.7	4.0%	$577.37	$10.42
1984	72.1	55.5	4.3%	$555.04	$10.01
1983	69.1	53.2	5.8%	$531.95	$9.60
1982	65.3	50.3	10.9%	$502.69	$9.07
1981	58.9	45.3	12.4%	$453.43	$8.18
1980	52.4	40.3	10.1%	$403.39	$7.28
1979	47.6	36.6	9.2%	$366.44	$6.61
1978	43.6	33.6	9.0%	$335.64	$6.06
1977	40.0	30.8	7.8%	$307.93	$5.56
1976	37.1	28.6	7.5%	$285.60	$5.15
1975	34.5	26.6	10.9%	$265.59	$4.79
1974	31.1	23.9	10.7%	$239.41	$4.32
1973	28.1	21.6	7.7%	$216.32	$3.90
1972	26.1	20.1	4.8%	$200.92	$3.63
1971	24.9	19.2	2.9%	$191.69	$3.46
1970	24.2	18.6	3.4%	$186.30	$3.36
1969	23.4	18.0	4.5%	$180.14	$3.25
1968	22.4	17.2	4.2%	$172.44	$3.11
1967	21.5	16.6	3.4%	$165.51	$2.99
1966	20.8	16.0	4.0%	$160.12	$2.89
1965	20.0	15.4	2.0%	$153.96	$2.78
1964	19.6	15.1	2.1%	$150.89	$2.72
1963	19.2	14.8	1.6%	$147.81	$2.67
1962	18.9	14.5	1.1%	$145.50	$2.62
1961	18.7	14.4	1.1%	$143.96	$2.60
1960	18.5	14.2	1.1%	$142.42	$2.57

Appendix 5

Consumer Price Index Deflation Rates 2006-1914

1959	18.3	14.1	1.7%	$140.88	$2.54
1958	18.0	13.9	2.3%	$138.57	$2.50
1957	17.6	13.5	2.9%	$135.49	$2.44
1956	17.1	13.2	1.8%	$131.64	$2.38
1955	16.8	12.9	0.0%	$129.33	$2.33
1954	16.8	12.9	0.6%	$129.33	$2.33
1953	16.7	12.9	-1.2%	$128.56	$2.32
1952	16.9	13.0	3.0%	$130.10	$2.35
1951	16.4	12.6	10.1%	$126.25	$2.28
1950	14.9	11.5	2.8%	$114.70	$2.07
1949	14.5	11.2	3.6%	$111.62	$2.01
1948	14.0	10.8	13.8%	$107.78	$1.94
1947	12.3	9.5	9.8%	$94.69	$1.71
1946	11.2	8.6	2.8%	$86.22	$1.56
1945	10.9	8.4	0.9%	$83.91	$1.51
1944	10.8	8.3	0.9%	$83.14	$1.50
1943	10.7	8.2	1.9%	$82.37	$1.49
1942	10.5	8.1	4.0%	$80.83	$1.46
1941	10.1	7.8	6.3%	$77.75	$1.40
1940	9.5	7.3	3.3%	$73.13	$1.32
1939	9.2	7.1	0.0%	$70.82	$1.28
1938	9.2	7.1	1.1%	$70.82	$1.28
1937	9.1	7.0	3.4%	$70.05	$1.26
1936	8.8	6.8	1.1%	$67.74	$1.22
1935	8.7	6.7	1.2%	$66.97	$1.21
1934	8.6	6.6	1.2%	$66.20	$1.19
1933	8.5	6.5	-4.5%	$65.43	$1.18
1932	8.9	6.9	-9.2%	$68.51	$1.24
1931	9.8	7.5	-10.1%	$75.44	$1.36
1930	10.9	8.4	-0.9%	$83.91	$1.51
1929	11.0	8.5	1.9%	$84.68	$1.53
1928	10.8	8.3	0.0%	$83.14	$1.50
1927	10.8	8.3	-0.9%	$83.14	$1.50
1926	10.9	8.4	0.0%	$83.91	$1.51
1925	10.9	8.4	1.9%	$83.91	$1.51
1924	10.7	8.2	-1.8%	$82.37	$1.49
1923	10.9	8.4	0.0%	$83.91	$1.51
1922	10.9	8.4	-8.4%	$83.91	$1.51
1921	11.9	9.2	-11.9%	$91.61	$1.65
1920	13.5	10.4	16.4%	$103.93	$1.88
1919	11.6	8.9	9.4%	$89.30	$1.61
1918	10.6	8.2	12.8%	$81.60	$1.47
1917	9.4	7.2	19.0%	$72.36	$1.31
1916	7.9	6.1	8.2%	$60.82	$1.10
1915	7.3	5.6	1.4%	$56.20	$1.01
1914	7.2	5.5		$55.43	$1.00

(Source: Statistics Canada, CANSIM, table 326-0002)

Part	4	**Finance**	**4.1.9.1**
Section	1	Treasury Policies	
Sub-Section	9	Council Mobile Devices	
Policy	1	Mobile Device Administration and Monthly Expenses	

1. The City of Orillia shall provide Council with a City standard mobile device to enable members to conduct City business in an effective manner.

2. The City's Information Technology Department determines the standard device used by the City.

3. New Council members will be issued a mobile device at the beginning of the Council term.

4. At the end of a mobility contract term, a Council member may request a hardware upgrade to the current standard mobile device. Hardware upgrades shall be expensed to the individual member's expense account and will be included in the Council expense report.

5. Replacement of mobility devices due to damage, loss, etc. shall be charged to the individual member's expense account and will be included in the Council expense report.

6. City-issued mobile devices remain the property of the City. City-issued mobile devices shall be returned to the City at the end of Council member's elected term.

7. At the end of a Council member's elected term, the Council member may request to buyout the mobility device, the cost to be based on the remaining useful life of the phone and any remaining contract term.

8. The personal use of mobility devices shall be consistent with the City's computer, e-mail & internet acceptable use guidelines.

9. Basic voice and data plan costs for one account shall be budgeted for by the City and shall not be included in the Statement of the Treasurer Council Expense Report.

10. Any additional mobile device charges shall be charged directly to the Council member to be paid for personally or to be charged to the member's City expense account upon approval by the Mayor. Additional charges that are expensed shall be reported in the Statement of the Treasurer Council Expense Report on an annual basis and semi-annually basis as required.

(R. 2015-261 15.12.07)

STATEMENT and PURPOSE

The provision of grants/subsidies or municipal resources, demonstrates Council's commitment to working with local Non-Profit, Charitable and Community Based Volunteer organizations who provide beneficial programs and services to the City of Orillia residents. Limited resources impact the City's ability to support all groups, organizations and specific requests.

The purpose of this policy is to outline parameters for community requests for grants/subsidies or City resources to enhance limited municipal resources and the benefits to the community.

Each year the Municipality receives increased donation/grant requests than it can fund. The objective of this policy is to treat all organizations fairly and consistently. The aim of the "General Grants Program" is to share available resources throughout the municipality. Grants are intended to provide modest levels of support and assistance to community non-profit organizations. Council will retain the right to make the final decision on both the overall funding allocation and the individual grant.

The different types of grants awarded under the General Grants Program include:

- Grants to assist with the general operating expenses of the group, including administrative costs and program-related expenses.
- Grants for the provision of municipal property/facilities, materials or resources to an applicant (fees waived/reduced).
- Grants for cultural, social or recreational significance to the community and which may have the participation of more than one organization and/or an event of municipal, provincial, or national significance which would be expected to bring economic and/or public relations benefit to the City.

GRANT CRITERIA

The Grants Committee shall operate under the following polices:

- No organization shall receive more than one grant per calendar year. Exceptions may be made for an organization running non-related events in the same year.
- No organization receiving a grant shall receive further discounts on City fees for facility rental or service.
- The maximum grant funding for each eligible applicant shall be set at $1,500.
- All organizations requesting grants from the City shall use a grant application form designed by the Grants Committee.
- Forms must be submitted via the City Clerk by February 15th, May 15th, or October 15th each year. (R. 2002-302 02.09.13)

- Applicants may be required to meet with the Grants Committee and/or City Council to explain their application in greater detail.
- Staff will review each application for completeness and may request further information before submitting the application to the Grants Committee.
- A follow-up report on how the funds were used and whether the project was successful may be a stipulation of an approved grant.
- Grants are not automatically renewed each year.
- Applications, exclusive of the attachments, shall be placed on the public Council Consent agenda. (R. 2002-302 02.09.13)
- Grant cheques shall be presented through the Mayor's Office with a member of the Grants Committee present, and all members of Council shall be advised of the presentation details in advance. (R. 2004-134 04.03.29)

<u>Eligible Applicants</u>

To be eligible, applicants must (be):

- A registered charity or non-profit organization; and
- An organization whereby the majority of board members are from the local area; and
- Involved directly with volunteers and their efforts; and
- Contribute to the enrichment of community life in the City of Orillia; and
- Apply only once in a fiscal year unless an exception has been made for an organization running non-related events in the same year; and
- In good financial/legal standing with the City.

Significant humanitarian aid projects will be considered for the granting program on a case by case basis.

<u>Ineligible Applicants</u>

The following applicants are **NOT eligible** to apply for funding:

- Individuals.
- Sporting Groups.
- Any group or organization, charitable or otherwise which does not provide a direct service to the City residents.
- Crown corporations and government agencies (e.g. school boards, social services, hospitals, business improvement associations, universities, etc.).
- For-profit organizations.
- Political parties or candidates.

- Organizations that already receive operating funding from the City of Orillia through grants, reduced rent or free facility use will still be eligible for funding; however, the grant would be reduced by the level of support received otherwise.
- Discriminatory or activities which are contrary to the policies of the City.
- Landlord/tenant and condominium corporations.
- Faith-based organizations where services/activities include the promotion and/or required adherence to a faith.

REVIEW PROCESS

- Applications for grants which are received before one of the three deadlines and meet the criteria above will be forwarded to the Grants Committee for review and consideration.
- Applications will be evaluated on their own merit based on their ability to meet the funding criteria. Meeting the eligibility requirements and providing all of the pertinent information does not guarantee that an applicant will receive funding.
- Funding requests can be defined as events/projects/programs that support, sustain, promote, inform, educate, celebrate, preserve, and/or provide access to the arts, culture, environment, historical, and recreation and/or healthy living activities.
- Each applicant must provide a purpose and/or outcome for what the financial assistance will be utilized for.
- The applicant must demonstrate its' commitment to accessibility, effectiveness, and accountability through sound management and financial practices.
- Grants shall be used only for the purposes approved by Council. The recipient shall notify Council of any proposed material changes to the nature of or budget for, the activities for which the grant has been made and shall use the grant for such altered activities only with the prior consent of Council.
- All funding is subject to the availability of funds and the approval of the annual budget by Orillia City Council.
- In considering grant applications, the Grants Committee may interview or ask any groups to make a presentation as required.
- Granting of assistance in any one year or over several years is not to be interpreted as a commitment to future years' funding.
- Grant applications determined to be ineligible for funding shall be notified, in writing, of Council's decision.

RELEASE OF FUNDS

- Organizations awarded funding will receive confirmation from the Grants Committee.
- Cheques will be addressed as it appears on the application.

- Cheques shall be presented through the Mayor's Office with a member of the Grants Committee present, and all members of Council shall be advised of the presentation details in advance.

USE OF FUNDS

- Funds shall be used only for the purposes outlined in the original application.
- Changes that alter the intent of the original application may jeopardize future funding and require repayment of the grant as determined by the Grants Committee.

ACKNOWLEDGEMENT OF SUPPORT

- Suitable recognition for the City's level of investment is valued through print materials and social media feeds, using the City of Orillia's logo or making a written or verbal acknowledgement.
- An electronic version of the City logo can be obtained from the City's Manager of Communications.

TERMS & CONDITIONS

The recipient shall repay the whole or any part of the grant, as determined by the City, if the recipient:

- Ceases operations;
- Ceases to operate as a non-profit organization;
- Has knowingly provided false information in its application; or
- Uses funds for purposes not approved by Council.
- Any unused portion of a grant remains the property of the City of Orillia. If any unused portion has already been paid to the recipient, it shall be repaid by the recipient upon request from the City.

(R. 2001-134 01.05.07)
(R. 2002-302 02.09.13)
(R. 2002-302 02.09.13)
(R. 2004-134 04.03.29)
(R. 2016-200 16.10.03)

STATEMENT and PURPOSE

The provision of financial incentive programs funded through the Downtown Tomorrow Community Improvement Plan (DTCIP), demonstrates Council's commitment to stimulating economic revitalization within the downtown and furthering the objectives of the Downtown Tomorrow Plan.

The purpose of the Downtown Tomorrow Community Improvement Plan Review Panel (hereafter referred to as the Review Panel) is to establish parameters for reviewing applications for financial incentive program grants offered through the DTCIP.

PROGRAM OBJECTIVE

The objective of this policy is to ensure all applications are reviewed and assessed equitably and consistently. DTCIP financial incentive program grants are intended to stimulate economic activity by providing financial support to owners and tenants of property within the Downtown Tomorrow Community Improvement Project Area.

The Review Panel will review and assess applications for Tier 2 programs based on the associated program evaluation matrix. Tier 2 programs include:

- Façade Improvement Grant Program
- Building Improvement Grant Program
- Residential Grant Program

FAÇADE IMPROVEMENT GRANT PROGRAM

The Façade Improvement Grant Program promotes the rehabilitation, restoration and improvement of the front, side and rear facades of commercial, institutional, residential and mixed use buildings, including retail storefront display areas and signage.

BUILDING IMPROVEMENT GRANT PROGRAM

The Building Improvement Grant Program promotes the maintenance and physical improvement of existing commercial, institutional and mixed use buildings and properties, in order to improve the attractiveness of the Project Area and provide safe and usable commercial, residential and mixed use space.

RESIDENTIAL GRANT PROGRAM

The Residential Grant Program promotes the renovation of existing residential units and the construction of new residential units through;

a) Renovations to existing residential units in mixed use buildings to bring these units into compliance with the Building Code, Property Standards By-law and the Fire Code; or,

b) Conversion of excess commercial and/or vacant space on upper stories of commercial and mixed use buildings to one or more net residential units; or,

c) The infilling of vacant lots with two or more net residential units.

Administration of the Downtown Tomorrow Community Improvement Plan Tier 2 programs shall operate under the following policies:

ELIGIBLE APPLICANTS

- Application for any of the incentive programs contained in this Plan can be made only for properties within the Community Improvement Project Area.
- Existing and proposed land uses must be in conformity with applicable Official Plan, Zoning By-law and other planning requirements and approvals.
- The applicant must be the owner of the property for the Residential Grant Program.
- If the applicant is not the owner of the property, the applicant must provide written consent from the owner of the property to make an application for the Façade Improvement Grant Program or the Building Improvement Grant Program.
- Applicants are eligible to receive a grant once per property per year (from the date of grant approval) to a maximum of two grants for any five year period for Tier 2 financial incentive programs.
- An application for any Tier 2 CIP financial incentive program must be submitted to the City prior to the commencement of any works to which the financial incentive program will apply and prior to application for building permit.
- An individual, corporation or other party who has litigation pending against the City is not eligible to apply for any of the incentive programs contained in this CIP.

GRANT CRITERIA

- All applications for the Tier 2 DTCIP financial incentive program shall use a City of Orillia grant application form.
- An application for any Tier 2 DTCIP financial incentive program must include plans, estimates, contracts, reports, rental rates, sale prices, and other details as required by the City to satisfy the City with respect to costs of the project and conformity of the project with the CIP.
- The City may require that an applicant submit professional urban design studies and/or professional architectural/ design drawings that are in conformity with the Design Principles and Guidelines put in place by the City.

- As a condition of application approval, the applicant will be required to enter into a grant agreement with the City. This Agreement will specify the terms, duration and default provisions of the incentive to be provided.
- Where other sources of government and/or non-profit organization funding (Federal, Provincial, Municipal, Canada Mortgage and Housing Corporation (CMHC), Federation of Canadian Municipalities, etc.) that can be applied against the eligible costs are anticipated or have been secured, these must be declared as part of the application, and accordingly, the grant from the City may be reduced on a pro-rated basis.
- All proposed works approved under the financial incentive programs and associated improvements to buildings and/or land must conform to the Design Principles and Guidelines, the Heritage Conservation District Guidelines (if required? and as approved), and all other City guidelines, by-laws, policies, procedures, and standards.
- When required by the City, outstanding work orders, and/or orders or requests to comply, and/or other charges from the City must be satisfactorily addressed prior to grant approval/payment.
- Property taxes must be in good standing at the time of program application and throughout the entire length of the grant commitment.

REVIEW PANEL

The Review Panel shall consist of the following members:

- Director of Economic Development (or designate)
- Director of Development Services and Engineering (or designate)
- City Treasurer (or designate)
- The Chief Building Official (or designate)
- A member of the Downtown Orillia Management Board (DOMB)

REVIEW PROCESS

- Applications for Tier 2 programs will be accepted three (3) times per year with an application deadline of the last day of February, April and October
- Applications and supporting materials for Tier 2 programs which are received before one of the three (3) deadlines and meet the criteria above will be reviewed by City staff against program eligibility requirements.
- City staff will review each application for completeness and may request further information from the applicant prior to deeming the application complete.
- If the application is deemed complete, staff will determine eligible works and costs and forward to the Review Panel for consideration.
- If the application is not within the Community Improvement Area, or it is clear that the application does not meet the program eligibility criteria, the application will not be accepted.

- If staff determines that the application is not acceptable, the application will be returned to the applicant with a letter explaining the reason for not accepting the application.
- Applications will be evaluated based on their ability to meet the evaluation criteria. Meeting the eligibility requirements and providing all of the pertinent information does not guarantee that an applicant will receive funding.
- Grants shall be used only for the community improvement purposes approved by Council.
- Grant applications determined to be ineligible for funding shall be notified, in writing, of such determination.

PECUNIARY INTEREST

Appointed Review Panel members or their family are not eligible to submit an application to the Community Improvement Program. In the event that a Review Panel member wishes to submit an application, the member shall abstain from participating in the evaluation of all applications within that intake period and any subsequent intake periods for the remainder of the year and an alternate member shall be appointed from the respective City Department or DOMB to serve on the Review Panel for the remainder of the calendar year.

Any member of the Review Panel shall disclose any direct or indirect pecuniary interest for themselves or a family member and shall state the general nature of such interest. Where a conflict of interest has been declared, the appointed Review Panel member must abstain from participating in the evaluation of all applications within that intake period and any subsequent intake periods for the remainder of the year and an alternate member shall be appointed from the respective City Department or DOMB to serve on the Review Panel for the remainder of the calendar year.

FUNDING LEVELS

- All funding is subject to the availability of funds and the approval of the annual budget by Orillia City Council.
- Funding for each Downtown Tomorrow Community Improvement Plan Financial Incentive Program will be determined on an annual basis.

RELEASE OF FUNDS

- Applicants awarded funding will receive confirmation from the Economic Development Department.
- Funds will not be released until the project has been verified by City staff as complete as outlined in the original application.
- Cheques will be addressed as it appears on the application.

- Cheques shall be presented through the Mayor's Office with a member of the Review Panel present, and all members of Council shall be advised of the presentation details in advance.

USE OF FUNDS

- Funds shall be used only for the purposes outlined in the original application.
- Changes that alter the intent of the original application may jeopardize future funding and require repayment of the grant as determined by the Review Panel.

ACKNOWLEDGEMENT OF SUPPORT

Staff will work with grant recipients to determine suitable recognition for the City's level of investment. At minimum, acknowledgement should appear with other funding partners in or on:

- Print materials and social media feeds – By using the City of Orillia's logo or making a written acknowledgement.
- Verbal announcements – By mentioning support verbally in public announcements, presentations, press conferences and speeches.
- On signage in a prominent, visible location on the subject property for the duration of the project, as provided by the City of Orillia.

An electronic version of the City logo can be obtained from the City's Manager of Communications.

PROVISIONS FOR DEFAULTS

The recipient shall repay the whole or any part of the grant, as determined by the City, if the recipient:

- Is found to be in default of any of the general or program specific requirements, or any other requirement of the City;
- Ceases operations;
- Sells the property for which the grant has been approved;
- Has knowingly provided false information in its application; or
- Has failed to comply with the description of the works as provided in the application form and contained in the program agreement, with any amendments as approved by the City;
- Have not completed the eligible works within specified timeframes;

Any unused portion of a grant remains the property of the City of Orillia. If any unused portion has already been paid to the recipient, it shall be repaid by the recipient upon request from the City.

REPORTING
Detailed reporting to Council will take place within the first quarter of each calendar year by staff of the Economic Development Department and will include:

- Funds dispersed through the CIP incentive programs so as to determine which programs are being most utilized, and to adjust the programs as required;
- Feedback from applicants with regard to the incentive programs so that adjustments can be made to the incentive program, as required, and,
- The economic impact associated with projects taking advantage of the CIP incentive programs.

(R. 2016-268 16.12.12)
(R. 2018-159 18.08.16)

DEFINITIONS

Tourist - For the purpose of this policy, a tourist is defined by the Ontario Ministry of Culture, Tourism and Sport as a visitor travelling greater than 40 km or crosses the Ontario border.

1. STATEMENT OF PURPOSE

The City of Orillia recognizes that festivals and events are valuable to the economic and social fabric of the City, building strong partnerships between the not-for-profit, business and cultural sectors. Festivals and events are key to raising the profile of the City, creating opportunities for people to come together to celebrate and enjoy our community's rich natural, cultural and human assets.

The purpose of the Partnership Program for Cultural Festivals and Events is to establish a consistent, equitable and clear funding policy for festivals and events that supports sustainable programming while inspiring creativity and new initiatives.

2. PROGRAM OBJECTIVES

The City of Orillia supports investment in community events and festivals as a means of advancing the City's economic, cultural and community objectives. By cultivating community events and festivals that are unique to this area, the municipality aims to:

- Present/promote the distinct, diverse and vibrant character of Orillia to residents and tourists.
- Enhance the quality of life in Orillia by providing opportunities for community participation, social interaction and cultural involvement.
- Contribute to the City's overall economic health.
- Showcase local culture, talent, heritage, artists and/or performers.
- Encourage new and creative partnerships between the private and public sector.
- Improve awareness and visibility of the municipality through destination marketing and branding.
- Enhance the participant experience by supporting innovative and accessible programming.
- Increase the use of municipal facilities, amenities and services.
- Bring the City together to foster a sense of belonging, identity and place.

3. COMPATIBILITY WITH EXISTING POLICY

Unless otherwise stipulated, the *Partnership Program for Cultural Festivals and Events* will conform to the *Grants Committee's Policy Guidelines 4.2.1.1.*

4. ELIGIBLE APPLICANTS

To be eligible, applicants must (be):

- A registered charity, non-profit organization OR an organization that operates on a not-for-profit basis whereby proceeds of the event are donated back to the community or used to improve the event.
- An organization whereby the majority of board members are from the local area.
- Involved directly with volunteers and their efforts.
- Contribute to the enrichment of community life in the City of Orillia.
- In good financial standing with the City.

5. ELIGIBLE FESTIVALS OR EVENTS

To be eligible, applicants must demonstrate that the festival or event meets all of the following criteria:

- Is open, accessible and of interest to the public City-wide without membership in a club or group.
- Is based primarily on City property: 75% of activities are held within the City limits.
- Produces a program that clearly meets one of the program's objectives stated in Item 2 of this policy.
- Provides financial statements from the previous year along with a budget for the current year.
- Offers a unique experience not duplicated by any other festival or event.
- Has a diversified revenue base and is sustainable without Council support. The City of Orillia's financial contribution cannot exceed 33% of the event's total operating budget.
- Is supported by the local community through either:
    - o secured commitments from other private and public funding sources;
    - o partnership programming;
    - o volunteer participation.

6. INELIGIBLE APPLICANTS

The following applicants are **NOT eligible** to apply for funding:

- Individuals.
- Crown corporations and government agencies (e.g. school boards, social services, hospitals, business improvement associations, universities, etc.).
- For-profit organizations.
- Political parties, initiatives or candidates.
- Organizations that already receive operating funding from the City of Orillia.
- Grant-making or third-party fundraising organizations.
- Landlord/tenant and condominium corporations.
- Faith-based organizations where services/activities include the promotion and/or required adherence to a faith.
- Organizations with a mission or activities deemed controversial by the City.

7. INELIGIBLE ACTIVITIES

The following activities are **NOT eligible** for funding:

- Capital projects (purchase of land/equipment/fixtures, building projects, etc.).
- Sports and recreation tournaments, competitions and contests.
- Conferences, ceremonies, conventions, tradeshows, seminars or workshops.
- Events that are organized primarily to raise funds and/or awareness about a specific issue, organization or cause.
- One-time, non-recurring events (project funding should be directed to the Grants Committee).
- Projects or activities that have been completed on or before the application deadline.
- Small neighborhood festivals and events by invitation-only.
- Commercial or entertainment ventures initiated by the private sector.
- Events that target a specific audience to the exclusion of the broader public (ie school events).

8. FUNDING LEVELS

Festival and event organizers can apply to one of three funding tiers. The amount of funding available to an organization is based on the applicant’s ability to demonstrate that the festival or event meets all of the tier’s eligibility requirements.

Figure 1. Funding Levels

<u>TIER 1</u>

Funding Available: Up to $2,500

Festival or Event Criteria:
- Up to 10,000 in attendance.
- Marketed to and/or attracts primarily local residents.
- Minimum one day event with no less than 4 hours of programming.
- OR all first-time grant applicants.

Note: All first-time applicants must apply to Tier 1 regardless of where their event fits within the tiered system.

Application Process:
Festivals fitting within this tier are required to complete the Grants Application Form.

<u>TIER 2</u>

Funding Available: $2,501-$5,000

Festival or Event Criteria:
- 10,000-20,000 in attendance.
- Marketed to and attracts primarily local and/or regional visitors.
- Minimum two day event, civic events being the exception.
- Minimum 12 hours of programming with no less than two hours/day.

Application Process:
Festivals and events fitting within this tier are required to complete the Grants Application Form in addition to the Supplemental Grant Application Form. In the Supplemental Grant Application form, applicants will be asked to demonstrate that the festival or event:

- Attracts 10,000-20,000 attendees and how this was measured.
- Produces a program that clearly meets two or more of the program's objectives stated in Item 2 in this policy.
- Has a marketing plan with, at minimum, a regional focus.
- Meets the minimum programming requirements.

TIER 3

Funding Available: $5,001+

Festival or Event Criteria:
- 20,000+ in attendance.
- Marketed to and attracts tourists.
- Minimum two day event, civic events being the exception.
- Minimum 18 hours of programming with no less than four hours/day.
- Reports a minimum operating budget of $30,000.

Application Process:
Festivals and events fitting within this tier are required to complete the Grants Application Form in addition to the Supplemental Grant Application Form. In the Supplemental Grant Application form, applicants must demonstrate that the festival or event:

- Attracts 20,000+ attendees and how this was measured.
- Produces a program that clearly meets three or more of the program's objectives stated in Item 2 in this policy.
- Has a marketing plan that clearly targets tourists.
- Meets the minimum budgetary and programming requirements.
- Has a proven track record delivering program objectives.
- Has a mechanism in place to evaluate the event's success (ie visitor surveys, Facebook/Twitter feeds).

Note: Attendance figures are to be based on the average number of visitors to the festival or event over the last three consecutive years.

9. STAGES OF FUNDING

There are three sequential stages of funding provided through this policy.

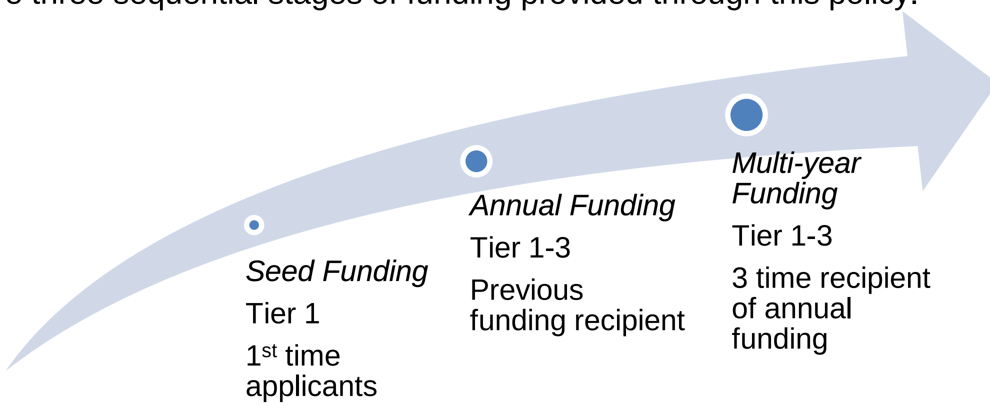

Figure 2. Stages of Funding

Stage 1*: Seed Funding* - Funding for new or emerging events

Tier 1 is available to local festivals and events that are new or emerging within the City of Orillia. All first-time applicants must apply for seed funding regardless if the event fits within another tier.

Stage 2: *Annual Funding* – Funding for recurring festivals and events

Established, local festivals and events within the community can apply to the City on an annual basis for operating funding. Applicants must have a proven track record of achievements, effective organizational structure, financial stability and general capacity to carry out the event with or without City funding. Applicants must have previously received funding from the City grant program or at the Departmental level to qualify. New applicants must apply for seed funding prior to moving to this next level of funding.

Please note: This level of funding is not guaranteed on a yearly basis. Applicants must have accessed annual funding for a minimum of three years prior to being eligible to apply for multi-year funding.

Stage 3: *Multi-year funding* – Funding for a small number of longstanding festivals and events with proven track records and merit

Three-year operating funding may be available to well established, large-scale local festivals and events with a proven attendance of 5,000 or more. Applicants must have a proven track record of achievements over a minimum of **15 successive years**. These groups must be run by a registered charity or not-for-profit organization that has the financial stability and administrative capacity to carry out the event with or without City funding. Applicants must have previously received three years of annual funding from the City (Grants Committee or Departmental). While funding does not necessarily have to be consecutive, reasons for not receiving funding cannot be due to fiscal or board mismanagement.

Please Note: Organizations that have previously received annual funding are not guaranteed multi-year funding; a separate application must be made to the Grants Committee under this policy.

10. FILING INFORMATION

Applications must be submitted by October 15 to be eligible for funding within the next fiscal year.

Completed applications must be received by 4:00 p.m. on the deadline date, or be postmarked on or before that date. Late or incomplete applications will not be considered.

Festival representatives may be invited to do a short presentation as part of their application if they are a new applicant, a festival looking to move to the next tier, or following the appointment of new members to the Grants Committee.

Applicants are to mail or deliver one (1) complete copy of the Grant Application Form along with any supplemental information (if required) to:

City of Orillia
Partnership Program for Cultural Festivals and Events
c/o Grants Committee
50 Andrew Street South, Suite 300
Orillia, ON L3V 7T5

Applications will be evaluated on their own merit based on their ability to meet the funding criteria. Meeting all eligibility requirements of the program does not guarantee that an applicant will receive funding. Previous grant recipients are not guaranteed annual funding or renewal of multi-year funding.

All funding is subject to the availability of funds and the approval of the annual budget by Orillia City Council.

Applications are available online at www.orillia.ca or by contacting the Grants Committee by telephone: 705-329-7237 or the Manager of Culture by telephone: 705-325-4530.

11. IF YOU ARE AWARDED FUNDING

Release of Funds

Organizations awarded funding will receive confirmation from the Grants Committee. Cheques shall be presented through the Mayor's Office with a member of the Grants Committee present, and all members of Council shall be advised of the presentation details in advance. Grants over $5,000, along with all multi-year funding, will require a signed Memorandum of Understanding between the recipient organization and the City of Orillia outlining the terms and conditions of funding.

Funding results will be mailed to all applicants within six (6) months of the application deadline.

Use of Funds

Funds shall be used only for the purposes outlined in the original application. Any significant changes to the festival or event's activities, including alterations in size, scope, budget, leadership, organizational structure and programming, must be reported to the Grants Committee. Changes that alter the intent of the original application may jeopardize future funding and require repayment of the grant as determined by the Grants Committee.

Acknowledgement

Staff will work with grant recipients to determine suitable recognition for the City's level of investment. At minimum, acknowledgement should appear with other funding partners in or on:

- Print materials and social media feeds – By using the City of Orillia's logo or making a written acknowledgement.
- Verbal announcements – By mentioning support verbally in public announcements, presentations, press conferences and speeches.

An electronic version of the City logo can be obtained from the City's Manager of Communications: 705-325-8929.

Insurance

If awarded funding, applicants must provide a certificate of insurance naming the Corporation of the City of Orillia as additional insured with a minimum of $2,000,000 for comprehensive general liability per incident.

Reporting
Applicants receiving Tier 1 funding may be required to submit a follow-up report on how the funds were used and whether the project was successful, as per Item 10 of the Grant Committee's *Policy 4.2.1.1***.**

All Tier 2 and 3 funding recipients must submit a follow-up report no later than 90 days following the completion of their event. Follow-up reports must include the following information:

Project Summary:
- Overview of the festival's or event's primary activities.
- Objectives achieved, as specified in the application process.
- Major variances from original application and influencing factors (ie. weather).
- Any change in board structure since initial application.

Statistics:
- Final attendance count and how this was measured.
- Number of volunteers and key volunteer positions.
- Summary statistics sheet.

Budget:
- Final budget numbers with a breakdown of event revenue and expenses (Tier 3 recipients may be asked to supply audited financial statements).

Media Exposure:
- Estimated media coverage (print, radio, TV).
- Website impressions, if available.
- Sample marketing materials with City logo.
- Representative photos or video documentation.

Failure to provide a follow-up report will result in an organization being *ineligible* for subsequent City of Orillia funding.

Please use the follow-up report form available on our website at www.orillia.ca. A copy of the form can also be obtained by contacting the Manager of Culture by telephone at 705-325-4530.

12. APPLICATION CHECKLIST

The checklist below is a helpful tool for applicants to ensure they have included all the forms and information that are required in order to apply for funding.

- ✓ Grant Application Form.
- ✓ Supplemental Grant Information Form (if required).
- ✓ Financial statement from previous year.
- ✓ Festival budget, noting reasons for any surpluses or shortfalls.
- ✓ List of executive officers including names, titles, addresses and telephone numbers.
- ✓ Minutes from the last annual general meeting (if applicable).

13. BUDGET

The intent of this policy is to have funds specifically allocated for cultural festivals and events within the Grants Committee's general budget. If the full funds specific to Culture cannot be awarded due to an insufficient number of applications received by cultural organizations, it is at the discretion of the Manager of Culture or designate and the Grants Committee to allocate the remaining funds to other organizations applying for funding from the Grants Committee.

14. POLICY REVIEW

The policy will be reviewed on an annual basis for the first five years, at minimum, following its date of adoption.

(R. 2014-134 14.06.23)
(R. 2018-159 18.08.16)