



City of Orillia

Consolidated Financial Statements

December 31, 2020

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Independent Auditor's Report

To the Mayor and Councillors of the City of Orillia:

Opinion

We have audited the consolidated financial statements of the City of Orillia and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, the consolidated statements of changes in net financial assets and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated results of operations, its consolidated change in net assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
February 14, 2022

City of Orillia

Consolidated Statement of Financial Position

December 31

2020

2019

Financial assets

| | | |
|--|--------------------|--------------------|
| Cash and cash equivalents (Note 3) | \$ 13,489,273 | \$ 16,469,363 |
| Investments (Note 4) | 61,945,426 | 25,269,468 |
| Taxes receivable | 6,869,939 | 5,606,415 |
| Receivables | 9,811,639 | 5,635,900 |
| Inventories for resale | 21,039 | 25,338 |
| Investment in Orillia Power Corporation (Note 5) | <u>23,058,000</u> | <u>48,138,000</u> |
| | <u>115,195,316</u> | <u>101,144,484</u> |

Financial liabilities

| | | |
|--|-------------------|-------------------|
| Payables and accruals (Note 5) | 16,885,377 | 23,196,702 |
| Deferred revenue - obligatory reserves (Note 6) | 4,317,786 | 5,704,993 |
| Deferred revenue - other | 268,613 | 605,184 |
| Long term debt (Note 7) | 6,223,262 | 6,009,552 |
| Landfill closure and post-closure costs (Note 8) | 6,596,000 | 6,245,710 |
| Employee future benefits payable (Note 9) | <u>7,211,300</u> | <u>6,925,500</u> |
| | <u>41,502,338</u> | <u>48,687,641</u> |

Net financial assets (Page 5) 73,692,978 52,456,843

Non-financial assets

| | | |
|-----------------------------------|--------------------|--------------------|
| Other assets (Note 10) | 334,144 | 308,419 |
| Tangible capital assets (Note 11) | <u>431,715,510</u> | <u>412,204,810</u> |
| | <u>432,049,654</u> | <u>412,513,229</u> |

Accumulated surplus (Note 12) \$ 505,742,632 \$ 464,970,072

Contingencies (Note 19)

*See accompanying notes to the consolidated financial statements

City of Orillia

Consolidated Statements of Operations and Accumulated Surplus

Year Ended December 31

2020

2019

| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|---|----------------------|-----------------------|-----------------------|
| | (Note 2) | | |
| Revenue | | | |
| Taxation (Note 13) | \$ 63,155,008 | \$ 64,055,273 | \$ 59,774,721 |
| Grants (Note 15) | 6,490,874 | 9,653,439 | 7,380,275 |
| User charges (Note 16) | 23,740,144 | 19,474,692 | 21,977,039 |
| Other revenue (Note 17) | 6,131,632 | 6,978,099 | 7,597,159 |
| Developer contributions earned | 3,000,000 | 3,541,616 | 3,897,173 |
| | <u>102,517,658</u> | <u>103,703,119</u> | <u>100,626,367</u> |
| Expenses | | | |
| General government | 8,238,122 | 8,222,810 | 7,256,137 |
| Protection to persons and property | 18,045,532 | 17,730,161 | 17,258,357 |
| Transportation services | 15,308,559 | 14,406,784 | 14,783,590 |
| Environmental services | 15,943,467 | 15,414,126 | 13,078,145 |
| Health services | 2,177,614 | 1,894,989 | 1,956,390 |
| Social and family services | 5,225,394 | 4,424,806 | 5,355,281 |
| Recreation and cultural services | 19,748,982 | 15,261,170 | 14,958,762 |
| Planning and development | 2,836,165 | 2,481,749 | 3,731,568 |
| | <u>87,523,835</u> | <u>79,836,595</u> | <u>78,378,230</u> |
| Net revenue | <u>14,993,823</u> | <u>23,866,524</u> | <u>22,248,137</u> |
| Other revenues (expenses) | | | |
| Equity income from Orillia Power Corporation (Note 5) | 1,100,000 | 15,815,000 | 3,155,000 |
| Gain on disposal of tangible capital assets | - | 2,408,369 | 665,555 |
| Change in employee future benefits payable | - | (285,800) | (125,900) |
| Debenture interest | (134,490) | (140,859) | (187,306) |
| Legal costs – disposal of assets (Note 5) | | (248,254) | (109,860) |
| Tax assessments at risk | | (642,420) | 642,420 |
| | <u>965,510</u> | <u>16,906,036</u> | <u>4,039,909</u> |
| Annual surplus | \$ <u>15,959,333</u> | <u>40,772,560</u> | <u>26,288,046</u> |
| Accumulated surplus, beginning of year | | <u>464,970,072</u> | <u>438,682,026</u> |
| Accumulated surplus, end of year | | \$ <u>505,742,632</u> | \$ <u>464,970,072</u> |

*See accompanying notes to the consolidated financial statements.

City of Orillia

Consolidated Statements of Changes in Net Financial Assets

Year Ended December 31

2020

2019

| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|--|----------------------|-----------------------------|----------------------|
| | (Note 2) | | |
| Annual Surplus | \$ <u>15,959,333</u> | \$ <u>40,772,560</u> | \$ <u>26,288,046</u> |
| Acquisition of tangible capital assets | (37,844,685) | (37,844,685) | (27,338,805) |
| Amortization of tangible capital assets | 17,117,009 | 17,117,009 | 15,829,502 |
| Proceeds from sale of tangible capital assets | - | 3,625,345 | 1,344,040 |
| Gain on disposal of tangible capital assets | - | (2,408,369) | (665,555) |
| | <u>(20,727,676)</u> | <u>(19,510,700)</u> | <u>(10,830,818)</u> |
| Change in other assets | - | <u>(25,725)</u> | <u>15,318</u> |
| Change in net financial assets | <u>(4,768,343)</u> | <u>21,236,135</u> | <u>15,472,546</u> |
| Net financial assets, beginning of the year | <u>52,456,843</u> | <u>52,456,843</u> | <u>36,984,297</u> |
| Net financial assets, end of the year | \$ <u>47,688,500</u> | \$ <u>73,692,978</u> | \$ <u>52,456,843</u> |

*See accompanying notes to the consolidated financial statements.

City of Orillia

Consolidated Statement of Cash Flows

Year Ended December 31

2020

2019

Increase (decrease) in cash and cash equivalents

Operating activities

| | | |
|----------------|---------------|---------------|
| Annual surplus | \$ 40,772,560 | \$ 26,288,046 |
|----------------|---------------|---------------|

Items not involving cash

| | | |
|--|--------------|-------------|
| Amortization of tangible capital assets | 17,117,009 | 15,829,502 |
| Gain on sale of tangible capital assets | (2,408,369) | (665,555) |
| Equity income from Orillia Power Corporation | (15,815,000) | (3,155,000) |

Change in non-cash operating balances

| | | |
|---|-------------------|-------------------|
| Inventories for resale | 4,299 | 6,524 |
| Taxes receivable | (1,263,524) | (571,777) |
| Receivables | (4,175,739) | 170,863 |
| Other assets | (25,725) | 15,318 |
| Payables and accruals | (6,311,325) | 2,175,072 |
| Deferred revenue – obligatory reserves (Note 6) | (1,387,207) | 537,321 |
| Deferred revenue – other | (336,571) | 60,494 |
| Increase in landfill closure and post closure costs | 350,290 | (1,247,544) |
| Increase/(decrease) in employee future benefits payable | <u>285,800</u> | <u>125,900</u> |
| Cash provided by operating activities | <u>26,806,498</u> | <u>39,569,164</u> |

Financing activities

| | | |
|---------------------------------------|------------------|--------------------|
| Repayments of long-term debt | (2,099,571) | (2,003,184) |
| Acquisition of long-term debt | <u>2,313,281</u> | - |
| Cash provided by financing activities | <u>213,710</u> | <u>(2,003,184)</u> |

Investing activities

| | | |
|---|---------------------|--------------------|
| Dividends received from Orillia Power Corporation | 27,550,000 | 800,000 |
| Promissory note repayment – Orillia Power Corporation | 9,762,000 | - |
| Redemption/(Acquisition) of Investments | <u>(36,675,958)</u> | <u>(5,869,734)</u> |
| Cash provided by investing activities | <u>636,042</u> | <u>(5,069,734)</u> |

Capital activities

| | | |
|---|---------------------|---------------------|
| Proceeds from sale of tangible capital assets | 3,625,345 | 1,344,040 |
| Acquisition of tangible capital assets | <u>(34,261,685)</u> | <u>(27,338,805)</u> |
| Cash used in capital activities | <u>(30,636,340)</u> | <u>(25,994,765)</u> |

| | | |
|---|--------------------|------------------|
| Net increase (decrease) in cash and cash equivalents | (2,980,090) | 6,501,481 |
|---|--------------------|------------------|

| | | |
|---|--------------------------|-------------------------|
| Cash and cash equivalents, beginning of year | <u>16,469,363</u> | <u>9,967,882</u> |
|---|--------------------------|-------------------------|

| | | |
|---|-----------------------------|-----------------------------|
| Cash and cash equivalents, end of year | \$ <u>13,489,273</u> | \$ <u>16,469,363</u> |
|---|-----------------------------|-----------------------------|

*See accompanying notes to the consolidated financial statements

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

1. Summary of significant accounting policies

The consolidated financial statements of the City of Orillia (the Municipality) are prepared by management in accordance with public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and surplus and financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, the larger enterprises include the following:

City of Orillia Police Services Board
Orillia Public Library Board
Downtown Orillia Management Board

Inter-departmental and organizational transactions and balances are eliminated.

Orillia Power Corporation is a wholly-owned subsidiary corporation of the Municipality and is accounted for on a modified equity basis, consistent with the Canadian generally accepted accounting treatment for government enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated.

b) Accrual accounting

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

c) School board transactions

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

1. Summary of significant accounting policies (continued)

d) Deferred revenue for obligatory reserves

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenue on the consolidated financial statements. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenue received in advance of expenses, which will be incurred in a later period, are deferred until they are earned by being matched against these expenses.

e) Non-financial assets

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

| | <u>Useful life - years</u> |
|---------------------------------------|----------------------------|
| General | |
| Buildings | 10 - 50 |
| Vehicles | 3 - 20 |
| Equipment and furniture | 4 - 50 |
| Other | 4 - 10 |
| Infrastructure | |
| Facilities | 40 - 50 |
| Roads and bridges | 15 - 100 |
| Underground and other networks | 2 - 100 |
| Vehicles and equipment infrastructure | 5 - 15 |

Assets under construction are not amortized until the asset is available for productive use. Half year amortization is charged in the year of acquisition.

(ii) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue, when the fair value can be reasonably estimated. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at time of registration. The value contributed during the year was \$nil (2019 – \$nil).

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

1. Summary of significant accounting policies (continued)

e) Non-financial assets (continued)

(iii) Interest capitalization

Interest of \$nil (2019 - \$nil) was capitalized for the external debt issued to finance the construction of tangible capital assets.

(iv) Nominal value

The Municipality owns several assets which are listed at nominal value in the tangible capital assets. These include fully amortized assets such as library books acquired prior to 2001, some older buildings, and donated land under certain pedestrian trails.

(v) Works of art

The Municipality owns various works of art and historic artifacts displayed at various locations including the Orillia Public Library, Leacock Museum and the Orillia Opera House. The historic cost of these items is not included in tangible capital assets.

(vi) Disposal of tangible capital assets/writedown of assets under construction

Gain and (loss) on disposal of assets are recorded as the difference between proceeds received and the net book value. Writedown of assets under construction have been written off as a result of the project being cancelled or finished with no future benefit to the Municipality.

f) Revenue recognition

The Municipality recognizes taxation revenue on an annual basis using total assessment values for the year and annually established tax rates. Property assessment values are provided by the Municipal Property Assessment Corporation and tax rates are established and approved by Council. Taxation revenues are recorded at the time the taxes are authorized and the taxable event occurs. Assessments and related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the appeals are submitted. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are earned.

Government transfers are recognized as revenue in the year in which events giving rise to the transfer occur, providing that the transfer is authorized, any eligibility criteria have been met and the amount can be reasonably estimated, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulated liabilities are settled.

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

1. Summary of significant accounting policies (continued)

f) Revenue recognition (continued)

Grants are recognized as revenue when approved, to the extent the related expenses have been incurred and collection can be reasonably assured.

User charges and other revenue are recognized as revenue when the services are provided and there is reasonable assurance of collection. Interest is recognized when earned.

g) Use of estimates

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

h) Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Municipality. The Municipality is not involved in the construction and does not budget for either the contribution from the developer or the capital expense.

Developer contributions and fees for services are recognized over the period of service or when required expenses occur if applicable.

j) Area improvement charges

The Municipality records expenses funded by bylaws to impose charges on property owners as they are incurred. Revenue is recognized over the term of the bylaw, as they are collected.

k) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operations and capital purposes. Further disclosure of the amounts are part of accumulated surplus in Note 12 of the consolidated financial statements.

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

1. Summary of significant accounting policies (continued)

l) Pension plan

The Municipality is an employer member of the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

m) Employee future benefits payable

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

Actuarial cost method:

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

Funding policy:

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

Accounting policies:

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSL") of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss.

Workplace Safety and Insurance Board (WSIB):

The costs of WSIB obligations are actuarially determined and are expensed in the period they occur. Any actuarial gains and losses that are related to WSIB benefits are recognized immediately in the period they arise.

n) Investments

Investments are recorded at cost, unless the market value has declined below cost, in which case they are written down to market value

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

2. Budget reconciliation

The budget approved by Council differs from the budget in the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to account for the material changes due to PSAB reporting requirements.

| | <u>Revenues</u> | <u>Expenses</u> |
|--|----------------------|----------------------|
| Total Council's approved budgets | \$ 102,517,658 | \$ 108,251,511 |
| Less: Acquisition of tangible capital assets budgeted | - | (37,844,685) |
| Add: Amortization expense | - | 17,117,009 |
| Adjusted budget per consolidated statement of operations | <u>\$102,517,658</u> | <u>\$ 87,523,835</u> |

3. Cash and cash equivalents

2020

2019

Cash is comprised of:

| | | |
|---|----------------------|----------------------|
| Unrestricted cash, held at the bank and on hand | \$ 9,171,487 | \$ 10,764,370 |
| Restricted cash, held at the bank | <u>4,317,786</u> | <u>5,704,993</u> |
| | <u>\$ 13,489,273</u> | <u>\$ 16,469,363</u> |

The Municipality's bank accounts are held at one chartered bank. The bank accounts earn interest at a variable rate calculated on the daily balances. The Municipality has a revolving demand credit facility with the Toronto-Dominion Bank for a maximum amount of \$15,000,000 available, including a letter of credit in the amount of \$34,000, at the bank's prime rate less 0.75% per annum (2019 – 0.75%). No amounts were drawn from the credit facility as at December 31, 2020 (2019 - \$nil).

There is provincial and municipal legislation that restricts how restricted funds may be used reported in Note 6.

4. Investments

2020

2019

| | | |
|---|---------------|---------------|
| One Investment – High interest savings account (HISA) | \$ 61,945,426 | \$ 25,269,468 |
|---|---------------|---------------|

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

5. Investment in Orillia Power Corporation

Orillia Power Corporation, established by Municipal Council under Municipal By-Law 2000-155, is wholly owned by the City of Orillia and provides electric utility services.

The following table provides condensed supplementary financial information of Orillia Power Corporation.

| | <u>2020</u> | <u>2019</u> |
|--|------------------------|----------------------|
| Financial position | | |
| Current assets | \$ 3,674,000 | \$ 5,507,000 |
| Assets of Orillia Power Distribution Corporation classified as held for sale | - | 47,879,000 |
| Capital assets | 43,504,000 | 31,999,000 |
| Investment Property | <u>1,235,000</u> | <u>1,165,000</u> |
| | <u>48,413,000</u> | <u>86,550,000</u> |
| Current liabilities | 12,144,000 | 2,062,000 |
| Liabilities directly associated with assets of Orillia Power Distribution Corporation classified as held for sale | - | 32,422,000 |
| Long-term liabilities | <u>18,245,000</u> | <u>18,724,000</u> |
| | <u>30,389,000</u> | <u>53,208,000</u> |
| Net assets | \$ <u>18,024,000</u> | \$ <u>33,342,000</u> |
| Results of operations | | |
| Revenue | \$ 10,144,000 | \$ 9,252,000 |
| Operating expenses | (6,146,000) | (5,309,000) |
| Financing expenses net of finance income | (797,000) | (749,000) |
| Payments in lieu of taxes | (751,000) | (800,000) |
| Change in fair value of investment property | 70,000 | 115,000 |
| Actuarial loss on defined benefit plans net of deferred taxes | (29,000) | (81,000) |
| Gain on sale of Orillia Power Distribution Corporation net of tax | 11,489,000 | - |
| Profit from Orillia Power Distribution Corporation classified as held for sale, net of tax | <u>1,835,000</u> | <u>871,000</u> |
| Total comprehensive income | 15,815,000 | 3,299,000 |
| Dividend | (31,133,000) | (800,000) |
| Adjustment for right of use assets | - | (144,000) |
| Change in equity | \$ <u>(15,318,000)</u> | \$ <u>2,355,000</u> |

The above information is as reported by Orillia Power Corporation.

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

5. Investment in Orillia Power Corporation (continued)

The following summarizes the Municipality's related party transactions with Orillia Power Corporation during the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|--------------|--------------|
| Electricity purchased | \$ 2,651,958 | \$ 2,705,311 |
| Other services purchased | 219,409 | 83,267 |
| Property taxes and other taxes | 66,179 | 72,784 |
| Interest received | 718,310 | 924,750 |
| Dividend received | 31,133,000 | 800,000 |
| Other services sold | 42,000 | 35,750 |

The investment consists of:

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|----------------------|----------------------|
| Promissory note | \$ 5,034,000 | \$ 14,796,000 |
| Equity | <u>18,024,000</u> | <u>33,342,000</u> |
| | <u>\$ 23,058,000</u> | <u>\$ 48,138,000</u> |
| Balance outstanding at December 31 | | |
| Due to Orillia Power Corporation | <u>\$ 304,028</u> | <u>\$ 1,331,741</u> |

The promissory note payable to the City of Orillia ("the City") bears interest for the current year at 6.25% per annum (December 31, 2019; 6.25%). The principal including applicable interest has been paid with respect to this note through the sale of Orillia Power Distribution Corporation.

The City has agreed to a postponement of debt in the amount of \$5,034 (2019; \$5,034) related to the following OPGC / TD facility.

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Orillia Power Corporation – TD Long-term Debt, repayable over the next 132 months, bearing interest at TD's prime rate | <u>\$ 8,538,000</u> | <u>\$ 9,488,000</u> |

Principal repayments over the next five years and thereafter:

| | |
|------------|---------------------|
| 2021 | \$ 948,000 |
| 2022 | 948,000 |
| 2023 | 948,000 |
| 2024 | 948,000 |
| 2025 | 948,000 |
| Thereafter | <u>3,798,000</u> |
| | <u>\$ 8,538,000</u> |

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

5. Investment in Orillia Power Corporation (continued)

The City and Orillia Power Corporation signed a share purchase agreement (“SPA”) with Hydro One Inc. (“HOI”), the parent company of Hydro One Networks Inc. (“Networks”) to sell Orillia Power Distribution Corporation (“OPDC”) on August 15, 2016 subject to review and approval by the Ontario Energy Board (“OEB”). On September 27, 2016, HOI filed an application with the OEB requesting approval to acquire all the shares of OPDC. On April 12, 2018 the OEB issued its decision denying the application. HOI subsequently filed a second application including new evidence on September 26, 2018 with the OEB. Final arguments related to the application were submitted on January 24, 2020. On April 30, 2020 the OEB issued their decision and order approving the application for HOI to purchase all of the shares of OPDC.

The share sale transaction closed on September 1, 2020 with an expected transitional period to follow of between six to nine months during which time the assets and liabilities, operations and employees of the electricity distribution business will be integrated into Networks.

The purchase price, before purchase price adjustments (“PPA”), paid by HOI and redirected from Orillia Power Corporation to the City of Orillia on the day of closing was \$26,350. This amount has been recorded as a dividend paid to the Municipality by the Orillia Power Corporation. As outlined in the share purchase agreement, a PPA of \$2,060 was paid by HOI on January 19, 2021 representing the differences between certain OPDC assets and liabilities as of the audited December 31, 2015 balance sheet and the audited August 31, 2020 balance sheet. Total cash proceeds received from HOI for the shares of OPDC including purchase price adjustments, was \$28,410.

Prior to the closing date, as required by the share purchase agreement, certain properties were transferred to the City of Orillia for fair market value of \$3,583 and the promissory note for \$9,762 was repaid to the Municipality.

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

6. Deferred revenue – obligatory reserves

| | <u>2019</u> | Opening adjustment unfunded development charges | Restricted revenue and investment income | Transfer to capital/ revenue | Adjustment unfunded development charges | <u>2020</u> |
|---|----------------------------|---|--|---------------------------------------|--|----------------------------|
| Lot levies and subdivider Contributions | \$ - | \$(15,007,648) | \$ 3,456,417 | \$ (1,461,200) | \$13,083,659 | \$ 71,226 |
| Ontario Community Infrastructure Fund | 324,814 | - | 1,759,293 | (2,079,387) | - | 4,720 |
| Provincial and federal gas tax | <u>5,380,179</u> | <u>-</u> | <u>2,490,060</u> | <u>(3,628,399)</u> | <u>-</u> | <u>4,241,840</u> |
| | <u>\$ 5,704,993</u> | <u>\$(15,007,648)</u> | <u>\$ 7,705,770</u> | <u>\$ (7,168,986)</u> | <u>\$13,083,659</u> | <u>\$ 4,317,786</u> |

There is provincial and municipal legislation that restricts how these funds may be used. Cash restricted to fund these reserves is reported in Note 3.

As a means of funding capital projects, developer contributions were allocated as the funding source for the projects as approved by Council. There were not enough funds in developer contributions to fund these projects, so general City funds were used to temporarily finance the projects. For the purposes of these financial statements, both the financing and the repayment are reflected as interfund transfers and therefore eliminated during consolidation (Note 21).

7. Long term debt

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|----------------------------|
| Ontario Infrastructure and Lands Corporation, repayable in semi-annual principal payments of \$1,001,592 plus interest at 2.64%, the debentures are approved by municipal by-law, maturing October 2022 | \$ 4,006,368 | \$ 6,009,552 |
| Ontario Infrastructure and Lands Corporation, repayable in monthly principal payments of \$32,129 plus interest at 1.12%, the debentures are approved by municipal by-law, maturing September 2026 | \$ <u>2,216,894</u> | \$ <u>-</u> |
| | <u>\$ 6,223,262</u> | <u>\$ 6,009,552</u> |

The interest expense relating to the above long-term debt was \$140,859 (2019 - \$187,306).

Five year principal repayments

| | |
|------------|----------------------------|
| 2021 | 2,388,731 |
| 2022 | 2,388,731 |
| 2023 | 385,547 |
| 2024 | 385,547 |
| 2025 | 385,547 |
| Thereafter | <u>289,159</u> |
| | <u>\$ 6,223,262</u> |

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

8. Landfill closure and post-closure costs

Solid waste landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, management of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the landfill site is recorded at \$6,596,000 (2019 - \$6,245,710) and represents the present value of closure and post-closure costs for 58% (2019 – 58%) of the current site's total cells, using an estimated long term borrowing rate of 4% (2019 - 4%) and inflation rate of 2.5% (2019 – 2.5%). The liability is recorded based on the capacity of the landfill used to date.

The total estimated future expenses representing the sum of the discounted future cash flows for closure and post-closure care are \$15,700,000 leaving an amount to be recognized of \$9,104,000. The estimated remaining capacity of the sites unused cells are approximately 544,230 (2019 – 544,230) cubic metres, estimated to be filled in 47 years. Post-closure care is estimated to continue for a period of 50 years.

The reserve balances include a reserve to partially offset the future closure costs. The balance of this reserve at the end of 2020 is \$233,228 (2019 - \$918,740).

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

9. Employee future benefits payable

| | Retiree <u>Benefits</u> | Sick <u>Leave</u> | <u>WSIB</u> | <u>Total</u> |
|--|----------------------------|----------------------|---------------------|----------------------------|
| Accrued benefit obligation and liability, beginning of year | \$ 3,494,500 | \$ 1,015,000 | \$ 2,416,000 | \$ 6,925,500 |
| Expenses for the year | 310,300 | 199,100 | 375,600 | 885,000 |
| Benefits paid | <u>(155,300)</u> | <u>(152,300)</u> | <u>(291,600)</u> | <u>(599,200)</u> |
| Accrued benefit obligation and liability, end of year | \$ <u>3,649,500</u> | \$ <u>1,061,800</u> | \$ <u>2,500,000</u> | \$ <u>7,211,300</u> |

The Municipality provides health care and dental benefits to certain employee groups after retirement until members reach 65 years of age. The benefit costs and liabilities related to this plan are based on an actuarial valuation prepared by an independent firm. The date of the most recent actuarial valuation was as of December 31, 2019.

The Municipality is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for financing its workplace safety and insurance costs. The costs and liabilities related to WSIB are based on an actuarial valuation prepared by an independent firm. The date of the most recent actuarial valuation was as of December 31, 2019.

The main actuarial assumptions employed for the valuation are as follows:

(a) Interest (discount) rate

The obligation as at December 31, 2020 of the present value of future liabilities and the expenses, was determined using an annual discount rate of 2.90% per annum (Retirement Benefit Plan) (2019 – 2.90%) and 2.80% per annum (Sick Leave and WSIB Plan) (2019 – 2.80%).

(b) Salary level

Future general salary and wage levels were assumed to increase 3.00% per year (2019 – 3.00%).

(c) Health care costs

Health care costs were assumed to increase by 7.82% in 2020 and decrease by 3.82% per year to 4.00% in 2040 (2019 - assumed to increase by 8.01%).

(d) Dental costs

Dental costs were assumed to increase at a rate of 6.00% in 2020 and decrease by 2.00% per year to 4.00% in 2030 (2019 – assumed to increase by 6.2%)

10. Other assets

Other assets are comprised of:

| | <u>2020</u> | <u>2019</u> |
|--------------------|--------------------------|-------------------|
| Prepays | \$ 83,167 | \$ 91,397 |
| Supplies inventory | <u>250,977</u> | <u>217,022</u> |
| | \$ <u>334,144</u> | \$ <u>308,419</u> |

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

11. Tangible capital assets

| Cost | <u>2019</u> | <u>Additions</u> | <u>Disposals/ Transfers</u> | <u>2020</u> |
|---|-----------------------|----------------------|---------------------------------|-----------------------|
| Land | \$ 64,217,802 | \$ 2,116,764 | \$ - | \$ 66,334,566 |
| Buildings | 77,514,227 | 58,706,296 | - | 136,220,523 |
| Vehicles | 10,273,147 | 13,144 | - | 10,286,291 |
| Equipment and furniture | 28,995,143 | 4,066,161 | (726,348) | 32,334,956 |
| Other | 22,710,839 | 2,934,177 | (154,529) | 25,490,487 |
| Facilities | 34,127,484 | 240,906 | - | 34,368,390 |
| Roads and bridges | 146,086,004 | 8,516,074 | (7,994,264) | 146,607,814 |
| Underground and other networks | 141,823,367 | 6,914,538 | (1,887,284) | 146,850,621 |
| Infrastructure - vehicles and equipment | <u>54,526,679</u> | <u>6,151,615</u> | <u>(908,292)</u> | <u>59,770,002</u> |
| | 580,274,692 | 89,659,675 | (11,670,717) | 658,263,650 |
| Assets under construction | <u>58,968,250</u> | <u>8,428,137</u> | <u>(60,243,128)</u> | <u>7,153,260</u> |
| | \$ <u>639,242,942</u> | \$ <u>98,087,812</u> | \$ <u>(71,913,845)</u> | \$ <u>665,416,910</u> |

| Accumulated amortization | <u>2019</u> | <u>Amortization</u> | <u>Disposals</u> | <u>2020</u> |
|---|-----------------------|----------------------|------------------------|-----------------------|
| Land | \$ - | \$ - | \$ - | \$ - |
| Buildings | 21,071,483 | 2,728,678 | - | 23,800,161 |
| Vehicles | 4,422,792 | 652,237 | - | 5,075,029 |
| Equipment and furniture | 12,745,716 | 1,770,718 | (663,655) | 13,852,779 |
| Other | 11,498,763 | 1,061,530 | - | 12,560,293 |
| Facilities | 12,136,429 | 815,143 | - | 12,951,572 |
| Roads and bridges | 82,882,156 | 5,011,582 | (6,995,785) | 80,897,953 |
| Underground and other networks | 61,869,319 | 2,695,418 | (1,887,284) | 62,677,453 |
| Infrastructure - vehicles and equipment | <u>20,411,474</u> | <u>2,381,703</u> | <u>(907,017)</u> | <u>21,886,160</u> |
| | \$ <u>227,038,132</u> | \$ <u>17,117,009</u> | \$ <u>(10,453,741)</u> | \$ <u>233,701,400</u> |

| Net book value | <u>2019</u> | <u>2020</u> |
|---|-----------------------|-----------------------|
| Land | \$ 64,217,802 | \$ 66,334,566 |
| Buildings | 56,442,744 | 112,420,362 |
| Vehicles | 5,850,355 | 5,211,262 |
| Equipment and furniture | 16,249,427 | 18,482,177 |
| Other | 11,212,076 | 12,930,194 |
| Facilities | 21,991,055 | 21,416,818 |
| Roads and bridges | 63,203,848 | 65,709,861 |
| Underground and other networks | 79,954,048 | 84,173,168 |
| Infrastructure - vehicles and equipment | <u>34,115,205</u> | <u>37,883,842</u> |
| | 353,236,560 | 424,562,250 |
| Assets under construction | <u>58,968,250</u> | <u>7,153,260</u> |
| | \$ <u>412,204,810</u> | \$ <u>431,715,510</u> |

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

11. Tangible capital assets (continued)

| Cost | <u>2018</u> | <u>Additions</u> | <u>Disposals/ Transfers</u> | <u>2019</u> |
|---|-----------------------|----------------------|---------------------------------|-----------------------|
| Land | \$ 64,488,953 | \$ 48,381 | \$ (319,532) | \$ 64,217,802 |
| Buildings | 77,954,643 | 259,659 | (700,075) | 77,514,227 |
| Vehicles | 9,492,223 | 1,384,837 | (603,913) | 10,273,147 |
| Equipment and furniture | 28,211,464 | 1,205,332 | (421,653) | 28,995,143 |
| Other | 22,526,771 | 184,068 | - | 22,710,839 |
| Facilities | 29,673,325 | 4,454,159 | - | 34,127,484 |
| Roads and bridges | 150,189,952 | 2,891,837 | (6,995,785) | 146,086,004 |
| Underground and other networks | 140,763,555 | 2,947,096 | (1,887,284) | 141,823,367 |
| Infrastructure - vehicles and equipment | <u>43,466,359</u> | <u>12,004,490</u> | <u>(944,170)</u> | <u>54,526,679</u> |
| | 566,767,245 | 25,379,859 | (11,872,412) | 580,274,692 |
| Assets under construction | <u>57,009,304</u> | <u>1,958,946</u> | <u>-</u> | <u>58,968,250</u> |
| | <u>\$ 623,776,549</u> | <u>\$ 27,338,805</u> | <u>\$ (11,872,412)</u> | <u>\$ 639,242,942</u> |

| Accumulated amortization | <u>2018</u> | <u>Amortization</u> | <u>Disposals</u> | <u>2019</u> |
|---|-----------------------|----------------------|------------------------|-----------------------|
| Land | \$ - | \$ - | \$ - | \$ - |
| Buildings | 19,413,975 | 2,179,186 | (521,678) | 21,071,483 |
| Vehicles | 4,393,944 | 623,647 | (594,799) | 4,422,792 |
| Equipment and furniture | 11,355,111 | 1,787,591 | (396,986) | 12,745,716 |
| Other | 10,455,448 | 1,043,315 | - | 11,498,763 |
| Facilities | 11,375,628 | 760,801 | - | 12,136,429 |
| Roads and bridges | 84,960,311 | 4,785,085 | (6,863,240) | 82,882,156 |
| Underground and other networks | 61,140,761 | 2,615,842 | (1,887,284) | 61,869,319 |
| Infrastructure - vehicles and equipment | <u>19,307,379</u> | <u>2,034,035</u> | <u>(929,940)</u> | <u>20,411,474</u> |
| | <u>\$ 222,402,557</u> | <u>\$ 15,829,502</u> | <u>\$ (11,193,927)</u> | <u>\$ 227,038,132</u> |

| Net book value | <u>2018</u> | <u>2019</u> |
|---|-----------------------|-----------------------|
| Land | \$ 64,488,953 | \$ 64,217,802 |
| Buildings | 58,540,668 | 56,442,744 |
| Vehicles | 5,098,279 | 5,850,355 |
| Equipment and furniture | 16,856,353 | 16,249,427 |
| Other | 12,071,323 | 11,212,076 |
| Facilities | 18,297,697 | 21,991,055 |
| Roads and bridges | 65,229,641 | 63,203,848 |
| Underground and other networks | 79,622,794 | 79,954,048 |
| Infrastructure - vehicles and equipment | <u>24,158,980</u> | <u>34,115,205</u> |
| | 344,364,688 | 353,236,560 |
| Assets under construction | <u>57,009,304</u> | <u>58,968,250</u> |
| | <u>\$ 401,373,992</u> | <u>\$ 412,204,810</u> |

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

| 12. Accumulated surplus | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|
| Accumulated surplus is comprised of the following | | |
| Reserves set aside by Council | | |
| For contingencies | \$ 12,005,876 | \$ 8,880,655 |
| For future capital purposes | 3,568,805 | 3,668,357 |
| For current purposes | 7,051,046 | 4,862,162 |
| Legacy Fund | <u>36,054,658</u> | - |
| Total reserves | <u>58,680,385</u> | <u>17,411,174</u> |
| Reserve funds set aside by Council | | |
| For insurance | 1,029,053 | 680,031 |
| For future capital purposes | (12,186,368) | (22,677,348) |
| For current purposes | <u>73,368</u> | <u>58,761</u> |
| Total reserve funds | <u>(11,083,947)</u> | <u>(21,938,556)</u> |
| Total reserves and reserve funds | <u>\$ 49,596,438</u> | <u>\$ (4,527,382)</u> |
| Surpluses | | |
| Invested in tangible capital assets | \$ 431,715,509 | \$ 412,204,810 |
| General fund surplus | 402,096 | 437,915 |
| Committed capital funding | 32,261,589 | 38,798,067 |
| Unfinanced capital expenditure (Note 21) | (13,012,433) | (15,007,648) |
| Equity in Orillia Power Corporation (Note 5) | 23,058,000 | 48,138,000 |
| Downtown Orillia Management Board surplus | 140,602 | 66,969 |
| Less unfunded liabilities: | | |
| Preparation costs to be recovered – disposal of assets | (1,271,119) | (1,271,119) |
| Assessments at risk | (1,340,750) | (698,330) |
| Employee benefit and post-employment liabilities (Note 9) | (7,211,300) | (6,925,500) |
| Landfill and post-closure liabilities (Note 8) | <u>(6,596,000)</u> | <u>(6,245,710)</u> |
| Total surpluses | <u>458,146,194</u> | <u>469,497,454</u> |
| Accumulated surplus | <u>\$ 505,742,632</u> | <u>\$ 464,970,072</u> |

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

| 13. Taxation | <u>2020</u> | | <u>2019</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| | Budget | Actual | Actual |
| Real property | \$ 71,040,387 | \$ 72,858,657 | \$ 67,745,269 |
| Payments in lieu of taxes | <u>4,502,195</u> | <u>4,068,512</u> | <u>4,443,322</u> |
| | 75,542,582 | 76,927,169 | 72,188,591 |
| Less: taxes collected on behalf of school boards (Note 14) | <u>12,879,478</u> | <u>12,871,896</u> | <u>12,413,870</u> |
| Net taxes available for municipal purposes | \$ <u>62,663,104</u> | \$ <u>64,055,273</u> | \$ <u>59,774,721</u> |
| Residential and farm | \$ 40,822,719 | \$ 41,902,376 | \$ 39,080,366 |
| Multi-residential | 3,926,726 | 3,937,497 | 3,787,730 |
| Commercial | 16,523,837 | 16,840,465 | 15,589,079 |
| Industrial | <u>1,389,822</u> | <u>1,374,935</u> | <u>1,317,546</u> |
| Net taxes available for municipal purposes | \$ <u>62,663,104</u> | \$ <u>64,055,273</u> | \$ <u>59,774,721</u> |

| 14. Collection on behalf of school boards | <u>2020</u> | <u>2019</u> |
|---|-----------------------------|-----------------------------|
| Total taxes and development charges received or receivable on behalf of the school boards are as follows: | | |
| Taxes | \$ 13,076,436 | \$ 12,857,886 |
| Less: write-offs | <u>(204,540)</u> | <u>(444,016)</u> |
| | 12,871,896 | 12,413,870 |
| Development charges | <u>917,557</u> | <u>481,253</u> |
| | \$ <u>13,789,453</u> | \$ <u>12,895,123</u> |

The Municipality is required to levy and collect taxes on behalf of the school boards. These taxes are recorded as revenue at the amounts levied. The taxes levied over (under) the amounts requisitioned, are recorded as accounts payable (receivable).

The Municipality is also required to bill and collect development charges on behalf of the school boards. Development charges collected in excess of those paid to the school boards are recorded as accounts payable.

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

| 15. Grants | <u>2020</u> | | <u>2019</u> |
|----------------------|---------------------|---------------------|---------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Operating | | | |
| Province of Ontario | \$ 762,760 | \$ 3,596,992 | \$ 1,343,923 |
| Government of Canada | 36,114 | 91,992 | 53,007 |
| | <u>798,874</u> | <u>3,688,984</u> | <u>1,396,930</u> |
| Capital | | | |
| Province of Ontario | 2,080,000 | 2,816,887 | 2,450,625 |
| Government of Canada | 3,612,000 | 3,147,568 | 3,532,720 |
| | <u>5,692,000</u> | <u>5,964,454</u> | <u>5,983,345</u> |
| | \$ <u>6,490,874</u> | \$ <u>9,653,439</u> | \$ <u>7,380,275</u> |

| 16. User charges | <u>2020</u> | | <u>2019</u> |
|--------------------------|----------------------|----------------------|----------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Operating | | | |
| Fees and service charges | \$ 8,949,326 | \$ 4,816,952 | \$ 7,343,943 |
| Direct water billings | 6,772,413 | 6,705,531 | 6,754,415 |
| Direct sewer billings | 8,018,405 | 7,952,209 | 7,878,681 |
| | \$ <u>23,740,144</u> | \$ <u>19,474,692</u> | \$ <u>21,977,039</u> |

| 17. Other revenue | <u>2020</u> | | <u>2019</u> |
|-----------------------------------|---------------------|---------------------|---------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Penalties and interest on taxes | \$ 770,000 | \$ 684,908 | \$ 812,448 |
| Licenses and permits | 846,753 | 865,729 | 1,019,667 |
| Fines | 246,150 | 186,449 | 243,029 |
| Rents and leases | 1,977,659 | 2,247,238 | 2,177,700 |
| Investment income | 812,640 | 1,866,800 | 1,651,808 |
| Revenue from other municipalities | 470,298 | 292,376 | 400,540 |
| Other | 1,008,132 | 834,599 | 1,291,967 |
| | \$ <u>6,131,632</u> | \$ <u>6,978,099</u> | \$ <u>7,597,159</u> |

City of Orillia

Notes to the Consolidated Financial Statements

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18. Pension agreement

OMERS provides pension services to more than 496,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 million. The actuarial deficit is smaller in 2020 than in 2019. Since OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Municipality to OMERS for 2020 were \$2,057,031 (2019 - \$2,114,216).

19. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation.

20. Comparative figures

Certain comparative figures in these financial statements have been reclassified to conform with presentation adopted for the current year.

21. Interfund borrowings

As a means of funding capital projects, developer contributions were allocated as the funding source for the projects as approved by Council. There were not enough funds in developer contributions to fund these projects, so general City funds were used to temporarily finance the projects. There is no set date of when these funds will all be repaid, but interfund borrowings are reduced as collections are made and funds are allocated. Interest is charged based on the balance of the fund according to the Municipality's procedure for allocating interest. For the purposes of these financial statements, both the financing and the repayment are reflected as interfund transfers and therefore eliminated during consolidation. The following is the current status of the internal borrowings outstanding.

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| | \$ <u>13,154,885</u> | \$ <u>15,007,648</u> |

City of Orillia

Notes to the Consolidated Financial Statements

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22. Impact of COVID-19

The City remains in a state of emergency as a result of the global COVID-19 pandemic. The socio-economic impacts to the City are unable to be reliably measured at this time. Rapidly changing legislative requirements for the provision of services offered by the City are creating volatility and uncertainty. The City has received financial support from the Province of Ontario to help manage the impacts of the pandemic at the local level. The end-date of the pandemic is unknown currently however, the City is maintaining essential services, compliance with legislation and support for its ratepayers.

23. Segmented reporting

In accordance with Section 2700 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants, the Municipality has prepared segmented financial information.

The Municipality is a municipal government entity that provides a wide range of services to its citizens. The schedule of segment disclosure provides the financial information by major reporting segments.

The revenue and expenses for each service area have been separately disclosed in the segmented information, and include the following activities:

General Government

The General Government reporting segment includes a wide variety of departments and functions within the Municipality. These include Council, City Manager's Office, Treasury, Clerk's Department, Human Resources, Payroll, Information Technology, Property Management, and other corporate management costs.

Protection

Protection services include Police, Fire, Bylaw Enforcement and Building Department. Police services are provided by the Ontario Provincial Police under contract.

Transportation

Transportation services include Roads, Winter Control, Transit, Parking and Street Lighting.

Environmental

Environmental services include the Sanitary Sewer, Storm Sewer and Waterworks Systems, Solid Waste Management, and Pollution Control.

Health, Social and Family

The Municipality makes payments to operate a variety of social services on their behalf. Payments are made to Simcoe Muskoka District Health Unit for Public Health and to The County of Simcoe for Paramedic, General Assistances (OW/ODSP), Homes for the Aged, Child Care and Social Housing.

Recreation and Culture

Recreation and Culture services include Parks, Recreation Programs, Recreation Facilities, Cultural Services, Orillia Opera House, Leacock Museum, and the Orillia Public Library.

Planning and Development

This category includes Planning, Zoning and Development Services, the Economic Development Committee, the Downtown Orillia Management Board, and the operation of Commercial Rental Properties.

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

23. Segmented reporting (continued)

Other

Expenses and revenue not directly attributable to a specific category are reported under this category.

Allocation Methods

In the preparation of segmented financial information, it is necessary to use reasonable allocation methods. For each reported segment, revenue represents both amounts that are directly attributable to the segment and amounts that are allocated. Property taxation is allocated to each segment based on the approved budget.

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

23. Segmented reporting December 31, 2020

| | General Government | Protection | Transportation | Environmental | Health, Social and Family | Recreation and Culture | Planning and Development | Other, reserves and capital tax levy | Consolidated |
|-----------------------------------|-----------------------|--------------------|--------------------|--------------------|------------------------------|---------------------------|-----------------------------|---|---------------------|
| Revenue | | | | | | | | | |
| Taxation | \$6,768,592 | \$15,955,793 | \$6,591,282 | \$1,541,884 | \$6,870,558 | \$8,809,227 | \$1,200,973 | \$16,316,965 | \$64,055,274 |
| Grants | 2,355,131 | 90,069 | 6,390,509 | - | - | 813,810 | 3,920 | - | 9,653,439 |
| User charges | 163,972 | 141,342 | 880,949 | 16,969,495 | - | 1,097,804 | 221,130 | - | 19,474,692 |
| Other revenue | 119,652 | 1,112,942 | 71,033 | 593,082 | - | 124,014 | 2,005,116 | 2,952,260 | 6,978,099 |
| Developer contributions earned | - | - | - | - | - | - | - | 3,541,615 | 3,541,615 |
| Total revenue | 9,407,347 | 17,300,146 | 13,933,773 | 19,104,461 | 6,870,558 | 10,844,855 | 3,431,139 | 22,810,840 | 103,703,119 |
| Expenses | | | | | | | | | |
| Salaries and wages | 5,054,388 | 8,197,900 | 3,089,500 | 4,044,226 | 292,815 | 6,138,050 | 1,237,798 | - | 28,054,677 |
| Goods and services | 2,638,073 | 9,009,512 | 4,904,034 | 6,281,983 | 112,015 | 4,651,779 | 804,504 | - | 28,401,900 |
| Contracts and Other | 15,400 | - | - | - | 5,914,965 | 222,000 | 110,644 | - | 6,263,009 |
| Amortization | 514,949 | 522,749 | 6,413,250 | 5,087,917 | - | 4,249,341 | 328,803 | - | 17,117,009 |
| Total expenses | 8,222,810 | 17,730,161 | 14,406,784 | 15,414,126 | 6,319,795 | 15,261,170 | 2,481,749 | - | 79,836,595 |
| Net revenue (expenses) | \$1,184,537 | \$(430,015) | \$(473,011) | \$3,690,335 | \$550,763 | \$(4,416,315) | \$949,390 | \$22,810,840 | \$23,866,524 |

City of Orillia

Notes to the Consolidated Financial Statements

December 31, 2020

23. Segmented reporting December 31, 2019 (continued)

| | General Government | Protection | Transportation | Environmental | Health, Social and Family | Recreation and Culture | Planning and Development | Other, reserves and capital tax levy | Consolidated |
|-----------------------------------|-----------------------|--------------------|--------------------|--------------------|------------------------------|---------------------------|-----------------------------|---|---------------------|
| Revenue | | | | | | | | | |
| Taxation | \$6,357,504 | \$15,297,241 | \$6,674,691 | \$1,179,724 | \$6,488,488 | \$7,803,622 | \$1,251,549 | \$14,721,902 | \$59,774,721 |
| Grants | 520,309 | 221,036 | 5,958,226 | 16,930 | - | 611,129 | 52,645 | - | 7,380,275 |
| User charges | 95,928 | 170,923 | 1,850,546 | 16,564,622 | - | 3,083,033 | 211,987 | - | 21,977,039 |
| Other revenue | 329,481 | 1,385,336 | 101,365 | 444,549 | 88,229 | 382,829 | 1,843,085 | 3,022,285 | 7,597,159 |
| Developer contributions earned | - | - | - | - | - | - | - | 3,897,173 | 3,897,173 |
| Total revenue | 7,303,222 | 17,074,536 | 14,584,828 | 18,205,825 | 6,576,717 | 11,880,613 | 3,359,266 | 21,641,360 | 100,626,367 |
| Expenses | | | | | | | | | |
| Salaries and wages | 4,552,809 | 7,822,887 | 3,167,240 | 4,007,717 | 354,897 | 6,810,455 | 1,848,252 | - | 28,564,257 |
| Goods and services | 2,228,305 | 8,934,094 | 5,562,874 | 4,350,574 | 177,565 | 4,184,707 | 1,363,874 | - | 26,801,993 |
| Contracts and Other | 1,241 | 1,000 | - | - | 6,779,209 | 233,968 | 167,060 | - | 7,182,478 |
| Amortization | 473,782 | 500,376 | 6,053,476 | 4,719,854 | - | 3,729,632 | 352,382 | - | 15,829,502 |
| Total expenses | 7,256,137 | 17,258,357 | 14,783,590 | 13,078,145 | 7,311,671 | 14,958,762 | 3,731,568 | - | 78,378,230 |
| Net revenue (expenses) | \$47,085 | \$(183,821) | \$(198,762) | \$5,127,680 | \$(734,954) | \$(3,078,149) | \$(372,302) | \$21,641,360 | \$22,248,137 |