

**The Corporation of the City
of Barrie
Consolidated Financial
Statements
Year ended December 31, 2008**

The Corporation of the City of Barrie
Consolidated Financial Statements
Year ended December 31, 2008

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Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Barrie

We have audited the consolidated statement of financial position of The Corporation of the City of Barrie as at December 31, 2008 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Barrie as at December 31, 2008 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Barrie, Ontario

April 21, 2009, except as to Notes 12 and 19 which are as of August 13, 2009

The Corporation of the City of Barrie

Consolidated Statement of Financial Position

December 31	2008	2007
		<i>restated - Note 19</i>
Assets		
Financial assets		
Cash and temporary investments (Note 1)	\$ 74,691,684	\$ 111,027,606
Trade and other receivables	10,768,050	7,530,235
Taxes receivable	15,816,026	13,192,598
Inventory held for resale	3,760,093	6,447,659
Investment in Government Business Enterprise (Note 2)	82,187,792	105,510,512
Long-term receivables (Note 3)	5,779,642	5,647,665
	<u>193,003,287</u>	<u>249,356,275</u>
Non-Financial Assets		
Other	<u>1,429,790</u>	<u>471,920</u>
	<u>\$ 194,433,077</u>	<u>\$ 249,828,195</u>
Liabilities and Municipal Position		
Liabilities		
Accounts payable and accrued liabilities	\$ 60,807,493	\$ 43,982,036
Deferred revenue	7,809,442	7,225,654
Deferred revenues - obligatory reserve funds (Note 13)	68,899,218	49,632,324
Municipal debt (Note 4)	13,527,000	15,136,000
Employee benefits payable (Note 12)	19,230,304	17,325,082
Solid waste landfill closure liability (Note 14)	7,967,558	7,430,861
Sinking fund debenture retirement	1,272,000	1,113,000
	<u>179,513,015</u>	<u>141,844,957</u>
Municipal position		
Current fund (Note 5 (a))	(81,400)	(523,789)
Capital fund (Note 5 (b))	(156,496,644)	(35,148,400)
Reserves and reserve funds (Note 5 (c))	128,497,809	76,232,634
	<u>(28,080,235)</u>	<u>40,560,445</u>
Equity in Government Business Enterprise (Notes 2 and 5 (a))	82,187,792	105,510,512
	<u>54,107,557</u>	<u>146,070,957</u>
Amounts to be recovered (Note 5 (d))	(39,187,495)	(38,087,719)
	<u>14,920,062</u>	<u>107,983,238</u>
Contingencies (Note 6)		
Commitments (Note 7)		
	<u>\$ 194,433,077</u>	<u>\$ 249,828,195</u>

Approved by Council

The Corporation of the City of Barrie

Consolidated Statement of Financial Activities

For the year ended December 31	Budget (Note 16)	2008	2007 <i>restated - Note 19</i>
Revenue			
Taxation (Note 8)	\$ 145,170,688	\$ 145,914,401	\$ 138,022,522
Fees and user charges	51,346,379	46,178,630	46,120,132
Canada grants	44,000	350,655	47,302
Ontario grants	5,321,053	21,971,481	4,273,950
Municipal grants	443,620	368,152	337,011
Other income	31,193,259	26,703,787	27,707,157
Development charges earned	10,305,848	7,471,083	17,627,851
Net gain in Government Business Enterprises (Note 2)	-	5,296,280	6,332,289
	<u>243,824,847</u>	<u>254,254,469</u>	<u>240,468,214</u>
Expenditures			
Current			
General government	19,562,591	15,534,141	16,845,875
Protection services	62,509,527	62,706,605	58,140,562
Transportation services	32,818,646	30,711,974	28,186,880
Environmental services	25,158,417	25,510,315	24,319,434
Health services	17,667,214	5,974,236	6,416,454
Social and family services	15,038,000	13,963,385	15,295,026
Social Housing	4,966,000	4,385,224	4,435,115
Recreation and cultural services	25,087,419	23,987,726	21,074,623
Planning and development	2,569,308	2,473,440	2,647,618
	<u>205,377,122</u>	<u>185,247,046</u>	<u>177,361,587</u>
Capital			
General government	1,190,000	4,030,563	2,031,187
Protection services	5,221,204	2,378,512	2,982,326
Transportation services	24,713,426	32,734,661	39,956,807
Environmental services	66,558,541	118,857,160	44,376,204
Social and family services	-	13,103	-
Recreational and cultural services	4,003,140	3,761,223	13,759,345
Planning and development	13,100	28,521	305,418
	<u>101,699,411</u>	<u>161,803,743</u>	<u>103,411,287</u>
Total expenditures	<u>307,076,533</u>	<u>347,050,789</u>	<u>280,772,874</u>
Net expenditures for the year	<u>(63,251,686)</u>	<u>(92,796,320)</u>	<u>(40,304,660)</u>
Finance Activities			
New debt issued	13,759,689	-	-
Debt principal repayments	(1,609,000)	(1,609,000)	(1,606,896)
Employee benefits	-	1,905,222	6,632,219
Solid waste landfill closure costs	-	536,698	-
	<u>12,150,689</u>	<u>832,920</u>	<u>5,025,323</u>
Change in Fund Balances, for the year	<u>(51,100,997)</u>	<u>(91,963,400)</u>	<u>(35,279,337)</u>
Fund Balances, beginning of year	-	146,070,957	181,350,294
Fund Balances, end of year	<u>\$ (51,100,997)</u>	<u>\$ 54,107,557</u>	<u>\$ 146,070,957</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

The Corporation of the City of Barrie Consolidated Statement of Cash Flows

For the year ended December 31

2008

2007

restated - Note 19

Cash flows from operating activities

Net Expenditures	\$ (92,796,320)	\$ (40,304,660)
Less: Net gain in government enterprises	<u>(5,296,280)</u>	<u>(6,332,289)</u>

	(98,092,600)	(46,636,949)
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Uses

Increase in taxes receivable	(2,623,428)	(2,669,311)
Increase in trade and other receivables	(3,237,815)	-
Increase in long term receivables	(131,977)	-
Increase in other assets	<u>(957,879)</u>	<u>(329,358)</u>

	(6,951,099)	(2,998,669)
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Sources

Increase in employee benefits payable	1,905,222	6,632,219
Decrease in long term receivables	-	322,540
Decrease in inventory held for re-sale	2,687,566	2,160,584
Increase in accounts payable and accrued liabilities	16,825,467	3,963,506
Decrease in trade and other receivables	-	1,892,396
Increase in deferred revenue - obligatory reserve funds	19,266,894	5,511,284
Increase in deferred revenue - other	583,788	64,528
Increase in sinking fund debenture retirement	159,000	159,000
Increase in solid waste landfill closure liability	<u>536,697</u>	<u>-</u>

	41,964,634	20,706,057
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	<u>(63,079,065)</u>	<u>(28,929,561)</u>
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Cash flows from financing activities

Debt principal repayments	(1,609,000)	(1,606,896)
Dividends received from Government Business Enterprise	28,619,000	6,102,000
Change in amounts to be recovered	<u>(266,857)</u>	<u>(297,685)</u>

	26,743,143	4,197,419
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Net change in cash and cash equivalents

	(36,335,922)	(24,732,142)
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Cash and cash equivalents, beginning of year

	<u>111,027,606</u>	<u>135,759,748</u>
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Cash and cash equivalents, end of year

	<u>\$ 74,691,684</u>	<u>\$ 111,027,606</u>
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The Corporation of the City of Barrie Summary of Significant Accounting Policies

December 31, 2008

Management Responsibility

The consolidated financial statements of The Corporation of the City of Barrie are the representations of management. Since precise determination of many assets and liabilities is dependant on future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

The focus of these financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the municipality and does not include capital assets. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds and includes the activities of all committees of Council and the following boards and municipal enterprises which are accountable to, and owned or controlled by the City: Barrie Police Services Board; Barrie Public Library Board; Downtown Barrie Business Improvement Area; The Corporation of the City of Barrie - Sinking Fund and Allandale Community Development Corporation.

A government partnership exists where the municipality has shared control over the board or entity. The City's pro-rata share of assets, liabilities, revenues and expenditures are reflected in the financial statements using the proportionate consolidation method. The City's proportionate interest of the following government partnership is reflected in the consolidated financial statements:

Lake Simcoe Regional Airport Commission - 67.22%

All interfund assets and liabilities and revenues and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the City and the resulting interest income and expenditures.

The Corporation of the City of Barrie Summary of Significant Accounting Policies

December 31, 2008

Revenue Recognition	<p>Revenues and expenditures are reported on the accrual basis of accounting. Expenditures are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due. Revenues are recognized as follows.</p> <ul style="list-style-type: none">a) Tax revenue is recognized in the calendar year to which the tax assessment applies and the assessment is known.b) Fines and donations are recognized when collected.c) Subdivider contributions and fees for services are recognized over the period of service or when required expenditures occur if applicable.
Inventory	<p>Inventory of land held for resale is recorded at the lower of cost and net realizable value.</p>
Capital Assets	<p>The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the period of acquisition.</p>
Deferred Revenue	<p>Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.</p>
Amounts to be Recovered	<p>Amounts to be recovered are reported in the municipal position on the consolidated statement of financial position. The balance represents the outstanding principal portion of unmatured long-term liabilities not yet due, and other future expenditures not yet levied on the ratepayers.</p>
Government Business Enterprise	<p>Barrie Hydro Inc. is not consolidated but is accounted for on the "modified equity basis" which reflects the City's investment in the enterprise and its share of net income or loss less dividends received since acquisition. Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform with those of the City and interorganizational transactions and balances are not eliminated.</p>
Accounting for School Board Transactions	<p>The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements. Overlevies (underlevies) are reported on the consolidated statement of financial position as "other current liabilities" ("other current assets").</p>

The Corporation of the City of Barrie Summary of Significant Accounting Policies

December 31, 2008

Reserves and Reserve Funds	Certain amounts, as approved by council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.
Government Transfers	Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.
Long-term Receivables	Long-term receivables includes the outstanding principal portion of long-term liabilities for expenditures on behalf on benefiting land owners and are reported on the statement of financial position.
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are landfill post closure liabilities and employee future benefits payable.

The Corporation of the City of Barrie Summary of Significant Accounting Policies

December 31, 2008

Pension and employee benefits The City provides defined retirement and other future benefits to specified employee groups. These benefits include life insurance, health care benefits, sick days and worker's compensation benefits. The City has adopted the following policies with respect to accounting for these employee benefits:

(a) The costs of its participation in the Ontario Municipal Employee Retirement Fund (OMERS), a multi-employer public sector pension fund, are recorded as the City contributes to the plan during the year.

(b) The costs of self insured retirement, sick days and other employee future benefit plans are actuarially determined using management's best estimates of salary escalation, retirement ages of employees, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates.

For self insured retirement and other employee benefits that vest or accumulate over the periods of service provided by employees such as insurance, dental and medical benefits for retirees, or certain sick leave amounts, the cost is actuarially determined using the projected benefit method prorated on services. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For self insured benefit obligations that arise from specific events that occur from time to time such as long-term disability the cost is recognized in the year in which it occurs.

(c) Vacation and lieu time entitlements are accrued for as entitlements are earned.

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

1. Cash

	2008	2007
Unrestricted cash	\$ -	\$ 44,353,483
Restricted cash (obligatory reserves of \$68,899,218 (Note 13) and reserves set aside for specific purposes by legislation of \$24,281,361 (Note 5(c)). Restricted cash available is \$18,488,895 less than balance required due to interfund borrowing.	74,691,684	66,674,123
	\$ 74,691,684	\$ 111,027,606

Cash includes temporary investments in the amount of \$33,621,507 (2007 - \$104,085,934) with a fair market value which approximates its book value. Interest rates on the temporary investments range between 1.6% and 6.375%. All cash is held at one chartered bank and bears interest at prime less 1.9%.

2. Government Business Enterprise

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

a. Shares of Government Business Enterprise

Barrie Hydro Holdings Inc. is a corporation incorporated under the laws of the Province of Ontario and is the sole shareholder of a municipal electrical distribution company and an energy services company. The Corporation of the City of Barrie owns 100% of the outstanding shares.

	2008	2007
Financial Position		
Current assets	\$ 44,787,914	\$ 33,473,999
Capital assets	119,258,919	127,001,629
Other assets	12,066,569	14,072,460
Total assets	176,113,402	174,548,088
Current liabilities (including current portion of long term debt)	53,881,139	19,788,606
Regulatory liabilities	6,820,834	5,107,661
Long term liabilities	53,223,637	64,747,309
Total liabilities	113,925,610	89,643,576
Net assets	62,187,792	84,904,512
Dividend declared	-	606,000
	\$ 62,187,792	\$ 85,510,512

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

2. Government Business Enterprise (continued)

	<u>2008</u>	<u>2007</u>
Financial Activities		
Revenues	\$146,859,299	\$149,515,387
Operating expenses	(137,788,128)	(137,574,678)
Taxes	(3,774,891)	(5,608,420)
Net gain for the year	<u>\$ 5,296,280</u>	<u>\$ 6,332,289</u>

During the year the City received dividends of \$28,619,000, of which \$606,000 was declared in 2007.

b. Promissory Note Receivable

An unsecured promissory note receivable from Barrie Hydro Holdings Inc. as at December 31, 2008 amounted to \$20,000,000 (2007 - \$20,000,000) bearing interest at 6.5% (2007 - 6.5%) and payable on December 31 of each year. The promissory note receivable matures on December 31, 2009. Interest received in the year and included in other income of the current fund is \$1,300,000 (2007 - \$1,300,000).

c. Equity in Government Business Enterprise

Barrie Hydro Holdings Inc.

Investment and dividend receivable	\$ 62,187,792	\$ 85,510,512
Promissory note receivable (from 2b)	20,000,000	20,000,000
	<u>\$ 82,187,792</u>	<u>\$105,510,512</u>

d. Subsequent Event

On January 1, 2009, the Corporation of the City of Barrie, through its wholly owned subsidiary Barrie Hydro Holdings Inc.; the City of Vaughan through its wholly owned subsidiary Vaughan Holding Inc.; the Town of Markham through its wholly owned subsidiary Markham Enterprises Corporation; agreed to amalgamate Barrie Hydro Distribution Inc. and PowerStream Inc. and continue as a Corporation amalgamated under the laws of Ontario. The amalgamated Corporation retains the PowerStream Inc. corporate name. The amalgamated corporation issued common shares to Vaughan Holdings Inc., Markham Enterprises Corporation and Barrie Hydro Holdings Inc. in exchange for each company's issued and outstanding shares in the Corporation.

The number of shares issued to each shareholder are as follows:

	<u>Number of Shares</u>
Vaughan Holdings Inc.	45,315
Markham Enterprises Corporation	34,185
Barrie Hydro Holdings Inc.	20,500

The Corporation of the City of Barrie Notes to Consolidated Financial Statements

December 31, 2008

3. Long-term Receivables

Long-term receivables consist of:

	<u>2008</u>	<u>2007</u>
Loan receivable from MacLaren Art Centre, this loan is non interest bearing and is the result of a Court approved re-organization plan based on City of Barrie loan balance as at March 16, 2006. The re-organization plan runs until December 16, 2016. No payment is expected on the loan for at least 36 months from the date of re-organization. The loan is secured by a general security agreement. The fair value of this note cannot be determined.	\$ 3,941,141	\$ 3,941,141
Other notes receivable from various organizations. These have various maturity dates and do not bear interest.	1,016,334	617,500
Long-term receivables from benefiting landowners, which have various maturity dates and interest rates ranging from 2008 to 2014 and 5.5% to 6.4% respectively.	822,167	1,089,024
	<u>\$ 5,779,642</u>	<u>\$ 5,647,665</u>

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

4. Municipal Debt

	<u>2008</u>	<u>2007</u>
Debenture debt and capital leases incurred by the municipality including those incurred on behalf of municipal enterprises and outstanding at the end of the year amount to	<u>\$ 13,527,000</u>	<u>\$ 15,136,000</u>

Principal repayments are summarized as follows:

	2009 to 2013	2014 and thereafter	Total
from general municipal revenues	\$ 10,551,833	\$ 2,153,000	\$ 12,704,833
from benefiting landowners	822,167	-	822,167
	<u>\$ 11,374,000</u>	<u>\$ 2,153,000</u>	<u>\$ 13,527,000</u>

The above debt issued on or before December 31, 1992, in the name of the municipality has received approval of the Ontario Municipal Board. Those approved after January 1, 1993, have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The above long-term debt has various maturity dates and interest rates ranging from 2009 to 2014 and 4.375% to 6.4% respectively.

The municipal debt amount from benefiting landowners of \$822,167 is included in long-term receivables under financial assets.

Principal repayments for the next five years and thereafter are as follows:

2009	\$ 1,679,000
2010	3,862,000
2011	1,847,000
2012	1,942,000
2013	2,044,000
Thereafter	<u>2,153,000</u>
	<u>\$ 13,527,000</u>

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

5. Municipal Position, end of year

The balance in the consolidated statement of financial position of municipal fund accounts is comprised of the following:

	<u>2008</u>	<u>2007</u>
a) Current Fund		
Taxation		
for general reduction of taxation	\$ 1,086,978	\$ 702,982
Special		
Business Improvement Area	66,818	-
Allandale Community Development Corporation	(1,235,196)	(1,226,771)
Current Fund	(81,400)	(523,789)
Equity in Government Business Enterprise (Note 2)	82,187,792	105,510,512
	<u>\$ 82,106,392</u>	<u>\$ 104,986,723</u>
b) Capital Fund		
Increase in taxation or user charges within term of Council	\$ (21,654,357)	\$ (8,688,225)
Unexpended capital receipts	124,818	2,134,424
Acquisition of capital assets to be financed from proceeds of long-term liabilities	(134,866,380)	(28,493,874)
Acquisition of capital assets to be recovered from rents, property sales and other	(100,725)	(100,725)
	<u>\$(156,496,644)</u>	<u>\$ (35,148,400)</u>

Approval of the Ontario Municipal Board has been obtained for the pending issue of long-term liabilities and for those commitments to be financed from revenues beyond the term of Council.

Pending issues of long-term liabilities and commitments to be financed from revenues beyond the term of Council approved after January 1, 1993 are covered by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

5. Municipal Position, end of year (continued)

c) Reserves and Reserve Funds:

	<u>2008</u>	<u>2007</u>
Reserves:		
Set aside for specific purpose by Council:		
for working funds	\$ 464,860	\$ 464,860
for contingencies	720,059	481,827
for insurance, sick leave and WSIB	10,918,253	10,930,445
for current purposes	7,487,017	3,631,650
for capital purposes	84,626,259	43,682,054
Total reserves	<u>104,216,448</u>	<u>59,190,836</u>
Reserve funds:		
Set aside for specific purposes by legislation, regulation or agreement:		
for capital expenditures on sewage works	(10,347,546)	(9,293,758)
for other capital expenditures	32,449,982	24,295,748
for capital expenditures on water works	2,178,925	2,039,808
Total reserve funds	<u>24,281,361</u>	<u>17,041,798</u>
Total Reserves and Reserve Funds	<u>\$ 128,497,809</u>	<u>\$ 76,232,634</u>

d) Amounts to be recovered:

Municipal debt:		
Municipal operations	\$ 12,704,833	\$ 14,046,976
Post-retirement benefits:		
Sick leave benefits	3,199,826	2,843,426
WSIB benefits payable	1,775,600	1,534,100
Unused vacation and payment in-lieu credits	5,397,680	4,751,577
Post-retirement health benefits	8,141,998	7,480,779
	<u>18,515,104</u>	<u>16,609,882</u>
Solid Waste Landfill Closure Costs	<u>7,967,558</u>	<u>7,430,861</u>
	<u>\$ 39,187,495</u>	<u>\$ 38,087,719</u>

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

6. Contingent Liabilities

Legal actions and claims amounting to approximately \$6,260,000, plus other claims in which no amount has yet been determined, have been instituted against the City. However, after reviewing the merits of these actions and claims with counsel and the insurers, it is management's opinion that there will be no significant uninsured liability arising from these claims. Accordingly, no provision has been made in the accounts for any amount claimed.

Barrie Hydro Holdings Inc. - Legal claim

Griffith et al. v. Toronto Hydro-Electric Commission et al.

This action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks \$500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to section 347 of the Criminal Code. Pleadings have closed in this action. The action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of a similar proceedings brought against Enbridge Gas Distribution Inc. (formerly Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Consumers Gas case rejecting all of the defences which had been raised by Enbridge, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages. At the end of 2006, a mediation process resulted in the settlement of the damages payable by Enbridge and that settlement was approved by the Ontario Superior Court.

On February 4, 2008, the OEB, in response to an application filed by Enbridge, ruled that all of Enbridge's costs related to settlements of the class action lawsuits, including legal costs, settlement costs and interest, are recoverable from ratepayers over a five year period.

After the release by the Supreme Court of Canada of its 2004 decision in the Consumers Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. To date, no formal steps have been taken to move the action forward. The electric utilities intend to respond to the action if and when it proceeds on the basis that the LDCs' situation may be distinguishable from that of Consumers Gas.

The corporation collected total late payment penalties of approximately \$4,569,000 from April 30, 1994 to May 1, 2001. No determination of the portion of these payments which may have constituted interest at an impermissible rate has been made, and as such, no accrual for any potential liability has been recorded in the financial statements.

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

7. Long-term Commitments

By Motion #05-A-431, the City of Barrie committed to contribute a total of \$52,500,000 in funding to the Royal Victoria Hospital (RVH) for the construction of a Cancer Care Centre (\$7.26M), Phase I Hospital Expansion (\$19.41M) and Phase II Hospital Expansion (\$26.1M). Timing of payments are to be determined by the City Treasurer in consultation with representatives of the RVH. The construction of the Cancer Care Centre and Phase I commenced in 2008.

By Motion #05-G-446 the City of Barrie provided a loan guarantee with the Toronto-Dominion Bank for Victoria Village Projects in the amount of \$19,300,000 for a term ending September 30, 2010. The guarantee and amount were required to provide long-term financing for the capital construction costs and financial payment requirements of Victoria Village Projects, a long-term care and supportive housing complex located at 76 Ross Street (site of the old RVH).

The City also has numerous contracts with a variety of suppliers for future capital projects that are budgeted in the next fiscal year.

8. Net Taxation

	<u>2008</u>	<u>2007</u>
Taxation revenue	\$203,355,842	\$194,612,498
Amount levied and remitted to School Boards	(57,441,441)	(56,589,976)
	<u>\$145,914,401</u>	<u>\$138,022,522</u>

9. Government Partnership

Lake Simcoe Regional Airport Commission is a joint board under the shared control of the Corporation of the City of Barrie, and the City of Orillia and the Township of Oro-Medonte. The consolidated financial statements include the City's 67.22% (2007 - 67.22%) interest, based on the weighted taxable assessment.

10. Trust Funds

The trust funds administered by the municipality amounting to \$1,018 (2007 - \$7,470) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

11. Pension Agreements

The City makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of staff. The plan is a contributory defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 380,000 active and retired members and approximately 910 employers. The plan is financed by equal contributions from participating employers and employees, and the investment earnings of the fund.

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, 2008. The results of this valuation disclosed total actuarial liabilities of \$50.1 billion (2007 - \$46.8 billion) in respect of benefits accrued for service with actuarial assets at that date of \$49.8 billion (2007 - \$46.9 billion) indicating an actuarial deficit of \$.3 billion (2007 - surplus of \$.1 billion). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the City does not recognize any share to the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2008 was \$5,386,862 (2007 - \$4,738,312) for current service and is included as an expenditure on the "Consolidated Schedule of Current Fund Operations".

12. Employee Benefits Payable

The City provides certain employee benefits which will require funding in future periods.

	2008	2007
<i>Compensated absences:</i>		
Accumulated sick leave entitlements (i)	\$ 3,199,826	\$ 2,843,426
Vacation and lieu time payable	5,397,680	4,751,577
WSIB claims (ii)	2,490,800	2,249,300
	11,088,306	9,844,303
Post retirement benefits (iii)	8,141,998	7,480,779
	\$ 19,230,304	\$ 17,325,082

The City has established reserves to mitigate the future impact of these obligations. The consolidated balance of these reserves is \$10,831,938 (2007 - \$10,841,127).

(i) Police and firefighter employees can accumulate unused sick leave and may become entitled to a cash payment when they leave the City's employment. The City recognizes these costs in the period in which the employees rendered the services.

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

12. Employee Benefits Payable (continued)

(ii) The City is a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self insurance for all its employees by which it remits payments to the WSIB to fund disability payments. The plans are unfunded and require no contribution from employees.

(iii) In October 2007, a plan amendment was made to the post retirement plan that gave CUPE and exempt employees similar post retirement benefits as the police and firefighters. The amendment relates to both future and past service. The benefit accrual of \$3.9 million is based on an actuarial valuation of the increase in the accrued benefit obligation due to past service.

Information about compensated absences is as follows:

	2008	2007
Accrued benefit obligation, beginning of year	\$ 9,844,303	\$ 7,220,402
Current service cost	1,581,874	2,623,901
Interest cost	291,019	-
Benefits paid	(628,890)	-
Accrued benefit obligation and liability, end of year	<u>\$ 11,088,306</u>	<u>\$ 9,844,303</u>

Information about post retirement benefits is as follows:

	2008	2007
Accrued benefit obligation, beginning of year	\$ 7,480,779	\$ 3,364,233
Current service cost	459,515	119,579
Interest cost	411,362	112,717
Past service costs	-	3,961,686
Actuarial loss	521,113	-
Benefits paid	(209,658)	(77,436)
Accrued benefit obligation, end of year	8,663,111	7,480,779
Unamortized actuarial loss	(521,113)	-
Accrued benefit liability, end of year	<u>\$ 8,141,998</u>	<u>\$ 7,480,779</u>

The actuarial valuations were based on a number of assumptions about future events. The economic assumptions used in these valuations are the City's best estimates of employee turnover and mortality along with expected rates of:

	2008	2007
Inflation	5.25%	5.25%
Discount rate on accrued benefit obligations	5.25%	5.25 - 6.0%
Salary and wages increases	3.5%	3.5%
Dental cost escalation	4.5% in the first 5 years and 3.5% thereafter	3.0%

Medical cost escalation - 10% in 2009 decreasing by 1/2% per year to 5.0% in 2019 and 5.0% thereafter (2007 - 8% in the first 4 years; 6% the next 4 years and 5% after 8 years).

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

13. Deferred Revenues - obligatory reserve funds

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the City are summarized below:

	2008	2007
Balance, beginning of year	\$ 49,632,325	\$ 44,121,040
Development contributions	19,574,271	15,349,767
Investment income	1,901,611	2,624,987
Province (gasoline tax)	1,892,771	2,465,496
Canada (gasoline tax)	3,369,863	2,696,071
Canada (transit)	-	2,814
Transfers to revenue fund	(1,509,669)	(542,811)
Transfers to others	(540)	-
Transfers to capital fund	(5,961,414)	(17,085,040)
Balance, end of year	\$ 68,899,218	\$ 49,632,324
Analyzed as follows:		
Development charges	\$ 59,220,017	\$ 43,447,336
Ontario (gasoline tax)	2,693,148	1,918,079
Canada (gasoline tax)	4,293,557	2,779,416
Canada (transit)	465,153	476,625
Cash in lieu of parkland	2,227,343	1,010,868
	\$ 68,899,218	\$ 49,632,324

14. Landfill Site Closing and Post Closing Costs

The consolidated statement of financial position reflects a liability for anticipated future costs related to the closing and monitoring of the existing land fill site. The waste site closure and post closure cost liability has been estimated at December 31, 2008 to be \$7,967,5581 (2007 - \$7,430,861 after prior period adjustment) (Note 19). This liability represents the estimated total expenditures for closure and post closure care. This liability was updated by Golder & Associates, an engineering firm hired by the City who have experience with landfill construction, closure and on-going monitoring work and related processes. For purposes of the above calculation, the landfill has an estimated remaining life span of 20 years. Once closed, the site will be monitored for an estimated period of 50 years with the estimated cost of \$321,750 per year. A discount rate has been used that is equal to the rate available to the City on long-term borrowing. As at December 31, 2008, the landfill closure and post closure costs have not been fully financed and are reflected in amounts to be recovered. A reserve is established in the amount of \$481,606 to commence funding this liability.

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

15. Provincial Offences Administration (POA)

The Ministry of the Attorney General requires all municipal partners administering Provincial Offences Administration to disclose in the year end audited financial statements a note on the gross and net provincial offences revenues earned. The following table provides condensed financial information required by the terms in the Memorandum of Understanding (MOU) for its 2008 fiscal year with comparative figures for the year 2007:

Barrie POA office:

	2008	2007
Revenues (net of refunds)	\$ 5,553,395	\$ 5,610,476
Expenditures		
Provincial charges	360,806	357,441
City operating expenses	1,941,268	1,728,167
Total expenditures	2,302,074	2,085,608
Net Revenue	3,251,321	3,524,868
Other		
Participating partners share	2,169,868	2,271,870
City of Barrie's share	\$ 1,081,453	\$ 1,252,998

Orillia POA office:

	2008	2007
Revenues (net of refunds)	\$ 1,761,915	\$ 1,383,883
Expenditures		
Provincial charges	117,750	106,268
City operating expenses	708,898	630,527
Total expenditures	826,648	736,795
Net Revenue	935,267	647,088
Other		
Participating partners share	935,267	647,088
City of Barrie's share	\$ -	\$ -

The Corporation of the City of Barrie

Notes to Consolidated Financial Statements

December 31, 2008

16. Budgeted amounts

The City completes separate budget reviews for its Operating and Capital Budgets each year. The approved budget for 2008 is reflected on the Consolidated Statement of Financial Activities, the Consolidated Schedule of Current Fund Operations, the Consolidated Schedule of Capital Fund Operations and the Consolidated Schedule of Reserves and Reserve Funds.

Budgets established for the Capital Fund are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years and may not be comparable with the current year's actual amounts. Funding for the capital projects is determined annually and made by transfers from reserve funds and by the application of applicable grants or other funds.

17. Expenditures by Object

Total current expenditures for the year reported on the consolidated statement of financial activities are as follows:

	<u>2008</u>	<u>2007</u>
Salaries, wages and employee benefits	92,442,504	88,060,139
Materials	31,481,477	26,634,038
Contracted services	29,461,449	29,705,229
Rents and financial expenses	1,917,322	1,789,762
Interest on long-term debt	762,192	830,033
Transfer payments	29,182,102	30,342,386
	\$ 185,247,046	\$ 177,361,587

18. Tangible Capital Assets

For the year ending December 31, 2009 the City will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all the relevant information can be provided for the complete stock of tangible capital assets of that category.

The major categories of tangible capital assets identified by the municipality are: Land and Land improvements, Buildings, Equipment and Fixtures, Fleet, Infrastructure, Leasehold Improvements and Capital Works in Progress.

As at December 31, 2008 work continues on identifying assets and a policy for tangible capital assets has been adopted. Information on costs attributable to the assets and amortization information was not complete.

The Corporation of the City of Barrie Notes to Consolidated Financial Statements

December 31, 2008

19. Prior Period Adjustment

a) Employee benefits payable - During the year it was discovered that employee benefits payable at December 31, 2006 was understated by approximately \$1,500,000 and at December 31, 2007 was understated by \$5,800,000. As a result, the 2007 employee benefits expenditure was understated by approximately \$5,800,000 and the financing of employee benefits was understated by the same amount on the Statement of Financial Activities for the year ended December 31, 2007.

b) Solid waste landfill closure liability - During the year it was discovered that the landfill liability was valued incorrectly in 2006 by \$9,946,751. The result was an overstatement of the Solid waste landfill closure liability of \$9,946,751 and an overstatement of Amounts to be recovered of \$9,946,751 in 2006. The affect on 2007 amounted to an overstatement of the liability of \$9,576,090.

The comparative figures on the Statement of Financial Position as at December 31, 2007 have been changed as follows:

Amounts to be recovered decreased by	\$3,756,062
Employee benefits payable increased by	\$5,820,028
Solid waste landfill closure liability decreased by	\$9,576,090

20. Segmented Information

The City of Barrie is a single tier municipality providing its residents and taxpayers with a wide range of services including transit; police and fire protection; garbage collection, disposal and recycling; water purification and distribution; wastewater collection and treatment; recreation programs, facilities and parkland; roads, bridges and sidewalks; library and cultural services and a variety of administrative services.

The segmented disclosure information is grouped into functional categories and the nature of the segment and the activities they encompass are as follows:

General Government:

This item encompasses the revenues and expenditures related to administrative departments and activities including Council, Chief Administrative Officer Division, Finance, Human Resources, Clerk's Office, Information & Communications Technology and corporate facilities.

The Corporation of the City of Barrie Notes to Consolidated Financial Statements

December 31, 2008

20. Segmented Information (continued)

Protection Services:

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

Transportation Services:

This represents the activities for all roads maintenance and administration including winter control and response; transit services; sidewalks, traffic signals and systems, parking and street lighting. Additionally the consolidated results include the proportionate share of revenues and expenses related to a regional airport and the activities of a community development corporation that operates a rail line.

Environmental Services:

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

Health & Social Services:

The expenditures grouped in this segment relate primarily to services provided by the County of Simcoe as the Consolidated Service Manager which includes Ontario Works, Land Ambulance, Social Housing, Homes for the Aged, ODSP and Childcare. District Health Unit costs and contributions to the Royal Victoria Hospital Cancer Care and expansion project are also included.

Recreation & Cultural Services:

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

Planning & Development:

The Planning Department and Economic Development Department activities are represented in this segment along with the revenues and expenditures related to the Business Improvement Area in the downtown core.

Other funds and corporations:

This captures the activities for reserve and reserve funds that are not attributable to a specific segment as well as the equity earnings (losses) from activities of the hydro business enterprise in which the municipality holds shares. Activity within the Capital fund is also included in this segment.

The Corporation of the City of Barrie
Notes to Financial Statements
December 31, 2008

December 31

20. Segmented Information

	2008							
	General Government	Protection Services	Transportation Services	Environmental Services	Health & Social Services	Recreation & Cultural Services	Planning and Development	Other Funds & Corporations
								Inter-fund Eliminations
								Total
Revenues								
Taxation	\$ 18,777,558	\$ 49,560,599	\$ 26,454,831	\$ 7,252,842	\$ 25,309,110	\$ 16,562,744	\$ 1,996,716	\$ -
Fees and service charges	818,464	986,142	7,171,627	29,172,430	-	7,798,803	231,164	-
Government grants & transfers	513,468	1,005,157	33,534	585,779	-	552,536	107,153	-
Transfers from other funds	948,673	567,588	148,763	804,233	-	540,616	209,936	-
Contribution from obligatory reserve funds	208,294	88,599	1,017,345	-	-	195,431	-	(69,418,872)
Other	19,864,145	13,717,870	1,380,470	95,508	14,748,511	2,022,062	1,139,480	-
	41,130,602	65,925,955	36,206,570	37,910,792	40,057,621	27,672,192	3,684,449	(69,418,872)
								254,254,469
Expenses and Finance								
Activities								
Salaries & Benefits	9,451,500	49,707,069	7,938,266	8,240,836	65,783	13,551,726	1,582,099	-
Goods & Services	5,510,249	6,759,766	22,371,977	16,346,527	118,566	8,391,877	907,266	-
Interest	213,214	-	58,766	714,487	-	1,384,728	-	-
Land, Property acquisitions	-	-	-	-	-	-	-	-
Fleet, equipment, furniture, software	-	-	-	-	-	-	-	-
Transfer to other funds	25,594,167	4,258,014	5,609,272	12,504,248	15,707,043	2,979,374	1,079,548	-
Other	294,822	4,956,561	198,572	104,694	24,166,229	1,329,829	48,718	(69,418,872)
	41,063,952	65,681,410	36,176,853	37,910,792	40,057,621	27,637,534	3,617,631	-
								163,490,948
								(69,418,872)
								346,217,869
Reported Net Surplus (Deficit) for the Year	\$ 66,650	\$ 244,545	\$ 29,717	\$ -	\$ -	\$ 34,658	\$ 66,818	\$ (92,405,788)
								\$ (91,963,400)

The Corporation of the City of Barrie

Notes to Financial Statements

December 31, 2008

December 31

20. Segmented Information

	2007									
	General Government	Protection Services	Transportation Services	Environmental Services	Health & Social Services	Recreation & Cultural Services	Planning and Development	Other Funds & Corporations	Inter-Fund Eliminations	Total
Revenues										
Taxation	\$ 7,801,262	\$ 45,509,613	\$ 27,283,824	\$ 7,748,954	\$ 33,177,148	\$ 14,448,252	\$ 2,053,469	\$ -	\$ -	\$ 138,022,522
Fees and service charges	479,142	1,257,924	6,933,852	29,849,829	126,660	7,303,644	169,082	-	-	46,120,133
Government grants & transfers	43,242	1,040,931	-	532,430	92,213	457,184	90,041	2,402,222	-	4,658,263
Transfers from other funds	2,524,088	675,595	256,104	727,121	259	157,278	541,053	49,541,635	(54,423,133)	-
Contribution from obligatory reserve funds	-	25,649	327,775	-	-	189,387	-	17,085,040	-	17,627,851
Other	12,891,803	11,401,917	1,424,654	24,330	26,831	1,292,508	(415,424)	7,392,826	-	34,039,445
	23,739,537	59,911,629	36,226,209	38,882,664	33,423,111	23,848,253	2,438,221	76,421,723	(54,423,133)	240,468,214
Expenses and Finance										
Activities										
Salaries & Benefits	8,090,805	45,931,697	6,689,743	7,713,410	259,368	11,012,352	1,730,544	1,535,929	-	82,963,848
Goods & Services	6,703,477	5,757,828	20,558,041	15,288,012	165,078	7,236,562	630,268	90,853,605	-	147,192,871
Interest	226,470	-	58,876	737,385	-	1,414,198	-	-	-	2,436,929
Land, Property acquisitions	-	-	-	-	-	-	-	2,131,401	-	2,131,401
Fleet, equipment, furniture, software	-	-	-	-	-	-	-	-	-	-
Transfer to other funds	8,432,434	3,364,220	8,874,128	15,049,227	7,315,333	2,915,365	71,710	8,890,354	-	8,890,354
Other	286,351	4,627,669	208,697	94,630	25,683,332	1,194,031	37,438	8,400,716	(54,423,133)	-
	23,739,537	59,681,414	36,389,485	38,882,664	33,423,111	23,772,508	2,469,960	111,812,005	(54,423,133)	275,747,551
Reported Net Surplus (Deficit) for the Year	\$ -	\$ 230,215	\$ (163,276)	\$ -	\$ -	\$ 75,745	\$ (31,739)	\$ (35,390,282)	\$ -	\$ (35,279,337)

The Corporation of the City of Barrie Consolidated Schedule of Current Fund Operations

For the year ended December 31	Budget (Note 16)	2008	2007 <i>restated - Note 19</i>
Revenue			
Taxation (Note 8)	\$ 145,170,688	\$ 145,914,401	\$ 138,022,522
Fees and user charges	51,346,379	46,178,630	46,120,132
Canada grants	44,000	-	-
Ontario grants	1,748,303	2,429,475	1,919,030
Municipal grants	443,620	368,152	337,011
Other income	23,667,915	24,349,049	20,544,620
Contribution from obligatory reserve funds	1,162,884	1,509,669	542,811
Net gain in Government Business Enterprises (Note 2)	-	5,296,280	6,332,289
	<u>223,583,789</u>	<u>226,045,656</u>	<u>213,818,415</u>
Expenditures			
General government	19,562,591	15,534,141	16,845,875
Protection services	62,509,527	62,706,605	58,140,562
Transportation services	32,818,646	30,711,974	28,186,880
Environmental services	25,158,417	25,510,315	24,319,434
Health services	17,667,214	5,974,236	6,416,454
Social and family services	15,038,000	13,963,385	15,295,026
Social Housing	4,966,000	4,385,224	4,435,115
Recreation and cultural services	25,087,419	23,987,726	21,074,623
Planning and development	2,569,308	2,473,440	2,647,618
	<u>205,377,122</u>	<u>185,247,046</u>	<u>177,361,587</u>
Net revenues for the year	<u>18,206,667</u>	<u>40,798,610</u>	<u>36,456,828</u>
Financing and transfers			
Debt principal repayments	(1,609,000)	(1,609,000)	(1,606,896)
Transfers to capital fund operations	(9,759,487)	(10,901,998)	(16,975,411)
Employee benefits	-	1,905,222	6,632,219
Solid Waste Landfill Closure Liability (Note 14)	-	536,697	-
Transfers to reserves and reserve funds	(6,863,334)	(53,609,862)	(24,165,507)
	<u>(18,231,821)</u>	<u>(63,678,941)</u>	<u>(36,115,595)</u>
Change in Current Fund	(25,154)	(22,880,331)	341,233
Current Fund, beginning of the year	<u>104,986,723</u>	<u>104,986,723</u>	<u>104,645,490</u>
Current Fund, end of the year	<u>\$ 104,961,569</u>	<u>\$ 82,106,392</u>	<u>\$ 104,986,723</u>
Represented by			
Current fund		\$ (81,400)	\$ (523,789)
Equity in Government Business Enterprise		82,187,792	105,510,512
		<u>\$ 82,106,392</u>	<u>\$ 104,986,723</u>

The Corporation of the City of Barrie Consolidated Schedule of Capital Fund Operations

For the year ended December 31	Budget (Note 16)	2008	2007 <i>restated - Note 19</i>
Revenue			
Canada grants	\$ -	\$ 350,655	\$ 47,302
Ontario grants	3,572,750	19,542,006	2,354,920
Other income	7,525,344	2,012,219	6,332,421
Contribution from obligatory reserve funds	9,142,964	5,961,414	17,085,040
	<u>20,241,058</u>	<u>27,866,294</u>	<u>25,819,683</u>
Expenditures			
General government	1,190,000	4,030,562	2,031,187
Protection services	5,221,204	2,378,512	2,982,326
Transportation services	24,713,426	32,734,661	39,956,807
Environmental services	66,558,541	118,857,160	44,376,204
Social and family services	-	13,103	-
Recreation and cultural services	4,003,140	3,761,223	13,759,345
Planning and development	13,100	28,521	305,418
	<u>101,699,411</u>	<u>161,803,742</u>	<u>103,411,287</u>
Net expenditures for the year	<u>(81,458,353)</u>	<u>(133,937,448)</u>	<u>(77,591,604)</u>
Financing and transfers			
New long-term debt issued	45,423,500	-	-
Transfers from current fund operations	9,759,487	10,901,998	16,975,411
Transfers from reserves and reserve funds	25,451,132	1,687,206	8,400,717
	<u>80,634,119</u>	<u>12,589,204</u>	<u>25,376,128</u>
Change in Capital Fund	<u>(824,234)</u>	<u>(121,348,244)</u>	<u>(52,215,476)</u>
Capital Fund, beginning of the year	<u>(35,148,400)</u>	<u>(35,148,400)</u>	<u>17,067,076</u>
Capital Fund, end of the year	<u>\$ (35,972,634)</u>	<u>\$ (156,496,644)</u>	<u>\$ (35,148,400)</u>

The Corporation of the City of Barrie Consolidated Schedule of Reserves and Reserve Funds

For the year ended December 31	Budget (Note 16)	2008	2007 <i>restated - Note 19</i>
Revenue			
Other income	\$ -	\$ 342,519	\$ 830,116
Net Transfers from (to) other funds			
Transfer from current fund operations	6,863,334	53,609,862	24,165,507
Transfer to capital fund operations	(25,451,132)	(1,687,206)	(8,400,717)
	(18,587,798)	51,922,656	15,764,790
Change in Reserves and Reserve Funds	(18,587,798)	52,265,175	16,594,906
Reserves and Reserve Funds, beginning of the year	76,232,634	76,232,634	59,637,728
Reserves and Reserve Funds, end of the year	\$ 57,644,836	\$ 128,497,809	\$ 76,232,634

Analyzed as follows:

Reserves set aside for specific purposes by Council:

Working funds	\$ 464,860	\$ 464,860
Contingencies	720,059	481,827
Insurance, sick leave and WSIB	10,918,253	10,930,445
Current purposes	7,487,017	3,631,650
Capital purposes	84,626,259	43,682,054
	104,216,448	59,190,836

Reserve funds set aside for specific purpose by Council:

Capital purposes	24,281,361	17,041,798
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Reserves and Reserve Funds, end of the year	\$ 128,497,809	\$ 76,232,634
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