

Appendix A



City of
Peterborough

500 George Street North, Peterborough, ON K9H 3R9

June 10, 2019

To: The Mayor and Members of Council
Inhabitants and Ratepayers of the City of Peterborough

Treasurer's Report on the 2018 Financial Statements for the Corporation of the City of Peterborough

Introduction

I am pleased to present the Financial Statements for the Corporation of the City of Peterborough (the City) for the period ending December 31, 2018. This report provides taxpayers, residents and other stakeholders the opportunity to evaluate the annual financial health of the City and confirm its ability to meet its obligations.

The Budget Process

The development of the budget is an accountability process, two key documents are prepared – an operating budget and a capital budget. The budget documents show what the City plans to do with its financial resources over the coming fiscal year. Council approved the 2018 Capital and Operating Budget on December 11, 2017.

The Operating Budget is prepared on a modified cash basis and provides for the day-to-day expenses of the City for items such as salaries, wages, benefits, utilities, building maintenance and supplies. The Capital Budget is a multi-year plan for the acquisition and rehabilitation of capital assets. Once complete, the capital plan specifies the future financial resources required to finance the project, references any commitments made, the effect it will have on any future operating budgets, provides project details, justification and any other information necessary to make informed decisions. Both budgets are closely linked and impact each other.

As part of the Budget process, the Operating Budget is re-stated into a format that conforms to Public Sector Accounting Standards. Those standards require that all Inter-

fund transfers be eliminated, debt principal be removed and the effects of unfunded liabilities such as employee future benefits and landfill closure and post closure costs be included.

Financial Statements

The accompanying consolidated financial statements are the responsibility of the management of the City. As with all Ontario municipalities, they have been prepared in accordance with the accounting principles and guidelines of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The statements include all organizations that are accountable for the administration of their financial affairs and resources to Council, and are owned or controlled by the City. These organizations make up what is known as the reporting entity. Some organizations are fully consolidated whereas others are proportionately consolidated meaning only a percentage of the organization is accounted for. The partially consolidated boards are a result of partnership agreements with the County of Peterborough whereby the City's pro rata share of each of the assets (including tangible capital assets); liabilities, revenues and expenditures are combined on a line-by-line basis in the financial statements. As a government business enterprise, the City of Peterborough Holdings Inc. is accounted for on a Modified Equity basis, which means that the accounting principles of the organization are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

Chart 1 provides a summary of the organizations included in the reporting entity.

Chart 1 - The Reporting Entity

Full Consolidation	Proportionate Consolidation	Modified Equity Basis
<ul style="list-style-type: none"> • City of Peterborough • Peterborough Public Library • Peterborough Downtown Business Improvement Area • The Village Business Improvement Area • Peterborough Housing Corporation • Peterborough Utilities Commission 	<ul style="list-style-type: none"> • Fairhaven (66%) • Peterborough Public Health (57%) • Greater Peterborough Area Economic Development Corporation (60%) • Peterborough County-City Waste Management Facility (50%) 	<ul style="list-style-type: none"> • City of Peterborough Holdings Inc.

External Audit

The financial statements have been audited by the City's external auditors, Baker Tilly KDN LLP (formerly Collins Barrow Kawarthas LLP) in accordance with Generally Accepted Auditing Standards. The auditors have expressed an unqualified opinion that these statements present fairly the financial position of the City. In addition, separate audit examinations have been completed for all of the local boards and agencies and reports have been rendered to their oversight bodies. The auditors are also responsible for advising management and the Finance Committee of City Council of any control or operational issues that may have been identified during the audit. As such, they must be independent and communicate independence in accordance with Canadian professional requirements.

Fund Accounting

The City uses different funds as the basis of recording and reporting all financial transactions. Each of the funds represents a grouping of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Three types of funds are used: operating funds, capital funds and reserve funds. The transactions and balances of these funds have been consolidated to report the overall financial position and financial activities of the City. The Statement of Financial Position is calculated at a very specific date in time, December 31, whereas the Statement of Operations and Accumulated Surplus summarizes the transactions that have occurred throughout the fiscal year.

Results of Operations

The consolidated Statement of Operations and Accumulated Surplus reports the City's changes in economic resources and accumulated surplus on a comparative basis.

During 2018, the City recorded consolidated revenues of \$340.5 million (2017 - \$331.1 million).

A summary of the key revenue variances is shown on Chart 2:

Chart 2 - Consolidated Revenues

	2018		2017		Variance Increase (decrease)
	\$	%	\$	%	\$
Property taxation	127,598,532	37.5	123,098,960	37.2	4,449,572
Taxation from other governments	3,320,762	1.0	2,945,589	0.9	375,173
User fees and service charges	74,265,166	21.8	67,762,731	20.5	6,502,435
Government grants & other municipalities	109,714,219	32.2	103,032,893	31.1	6,681,326
Development levies and contribution from developers	6,887,484	2.0	5,528,521	1.7	1,358,963
Licenses, permits, royalties and rents	3,466,330	1.0	3,015,113	0.9	451,217
Fines and other charges	2,179,647	0.6	2,034,852	0.6	144,795
Penalties and interest on taxes	751,827	0.2	719,696	0.2	32,131
Investment income	3,236,719	1.0	2,741,616	0.8	495,103
Donations and contributed capital assets	1,616,067	0.5	9,422,534	2.8	(7,806,467)
Casino and gaming	705,606	0.2	-	0.0	705,606
Other	1,789,227	0.5	1,674,251	0.5	114,976
Income from government business enterprise	5,003,000	1.5	9,098,000	2.8	(4,095,000)
Total Consolidated Revenues	340,534,586	100.0	331,074,756	100.0	9,459,830

Revenues increased \$9.5 million due to several factors:

- The net property taxation levy was \$4.4 million higher than the previous year in part due to higher supplementaries amounting to \$0.6 million and a planned increase in the tax rate guideline of 2.85% or \$3.5 million.
- User fees and service charges were higher by \$6.5 million over the previous year. Contributing factors to that are a higher level of recoveries related to tangible capital asset projects (\$2.2 million), transit and parking fees (\$0.80 million), higher sewer surcharge collections (\$1.1 million) along with higher fees for water treatment and distribution (\$0.70 million). Peterborough Housing collected more rents totaling \$0.60 million and due to the transfer of Sunshine homes collected an additional \$0.70 million more than 2017.
- Government grants increased by \$6.7 million. Various programs within Social and Family Services accounted for \$4.7 million including \$3.4 million related to new programs in Children's Services and increased funding for existing programs. 2018 was the first year where the Province contributed 100% of mandatory benefits, in 2017 that number was 97.2%, this accounted for \$1.0 million of the increase. The remainder of the increase was a result of government contributions related to higher spending over 2017. The City

received \$2.3 million related to the Waste Water Treatment Plant expansion process and \$1 million for the Curtis Creek project for which there were no comparable receipts in 2017.

- Development levies and contributions from developers were \$1.4 million higher than the previous year due to higher development charge utilization as a result of capital spending.
- Donations and contributed capital assets were lower than the previous year as the City assumed 3 subdivisions in 2017 and only one in 2018.
- The net earnings from City of Peterborough Holdings were \$4.0 million lower in 2018 due to lower revenues from electricity generation of \$2.0 million, and a loss on impairment of property, plant and equipment of \$2.0 million.

Consolidated expenses totaled \$304.3 million (2017 - \$296.8 million).

A summary of the key expense variances is shown on Chart 3:

Chart 3 - Consolidated Expenses

	2018		2017		Variance Increase (decrease)
	\$	%	\$	%	
General government	15,400,393	5.1	16,162,198	5.4	(761,805)
Protection services	54,486,949	17.9	51,748,007	17.4	2,738,942
Transportation	43,335,522	14.2	40,046,824	13.5	3,288,698
Environmental	39,177,583	12.9	37,326,751	12.6	1,850,832
Health	12,503,301	4.1	12,361,804	4.2	141,497
Social and family	83,632,035	27.5	78,726,885	26.5	4,905,150
Social housing	20,637,074	6.8	22,629,823	7.6	(1,992,749)
Recreation and cultural	26,609,789	9.7	28,741,420	9.7	868,369
Planning and development	5,515,149	1.8	9,054,817	3.1	(3,539,668)
Total Consolidated Expenses	304,297,795	100.0	296,798,529	100.0	7,499,266

Expenses increased \$7.5 million due to several factors:

- Protection services salaries, wages and benefits were higher by \$2.7 million. \$1.6 million of that relates to higher actuarial costs including a loss of \$0.90 million related to updated employee demographics and healthcare trends rate assumptions. Police salaries, wages and benefits were \$0.9 million higher than in 2017 due to previously negotiated settlements.

- Transportation services related costs increased by \$3.3 million. Differences included a \$1.7 million variance in salaries and wages. \$1.0 million of this figure is attributed to the transit service which continues to face increased costs related to coverage of sick and vacation absences. Various other expenditures including vehicle fuel were \$0.9 million higher, interest on debt issued was \$0.4 million more and amortization was \$0.4 million in excess of 2017.
- Environmental Services costs were \$1.8 million higher. \$0.5 million related to higher wages due to negotiated settlements. \$1.0 million of the increase was for contractual services costs related to the sanitary sewer master plan and amortization was \$0.2 million higher.
- Social and family services costs were higher as a result of programs and initiatives related to new and existing funding sources. The new programs included Licenced Home Childcare and Fee Stabilization.
- Social Housing costs were lower due to the winding up of the Social Housing Improvement program and the Social Investment Fund which accounted for a decrease of \$1.0 million. Along with \$0.6 million lower related to the timing of payment for various incentive programs.
- Planning and development costs were significantly lower due to the write-down of \$3.8 million of land inventory for resale in 2017. There is no comparable figure in 2018.

The annual surplus amounts to \$36.2 million (2017 - \$34.3 million). This surplus indicates that the revenues raised during the year covered the cost of services provided – including the annual cost of using capital assets to provide those services.

Under current reporting standards, the City has an annual amortization charge of \$33.1 million (2017 - \$32.1 million). The amortization charge represents the cost of depreciating tangible capital assets over their useful life. The amortization charge is less than the City's current level of capital spending of \$87.0 million (2017 - \$77.9 million). The Statement of Operations reflects the annual amortization and the surplus that results, which is used to help finance the cost of capital acquisition.

Financial Position

Net financial assets of \$52.7 million (2017 - \$64.6 million), the difference between the City's financial assets and its financial liabilities is a measure of the resources that the City has to finance future operations.

The net financial asset position is an indicator that the revenues raised during the year were sufficient to cover both the operating and capital spending that took place during the year. The decrease of \$11.9 million in the net financial asset position

results primarily from revenues being in excess of operating expenses of \$36.2 million and amortization of tangible capital assets of \$33.1 million to finance the acquisition of tangible capital assets totaling \$97.0 million. For a more detailed accounting, refer to the Statement of Change in Net Financial Assets on Page 7 of the Consolidated Financial Report.

The accumulated surplus of \$857.5 million (2017 - \$821.3 million) represents the sum of the net financial assets of the City plus the City's capital assets at historic depreciated values and is shown on Chart 4. The accumulated surplus under the current reporting model represents the net resources (both financial and physical) that the City can use to provide future services.

The accumulated surplus consists of individual fund surpluses (deficits), unfunded amounts, reserve and reserve funds and other components and is comprised of the following:

Chart 4 - Analysis of Accumulated Surplus

	2018 \$	2017 \$
Surplus/(Deficit)		
City of Peterborough		
Operating surplus	125,566	159,426
Unexpended financing	9,436,684	6,6,21,609
	9,562,250	6,781,035
Consolidated Entities		
Peterborough Public Health	94,580	105,060
The Village Business Improvement Area	19,761	27,543
Greater Peterborough Area Economic Development Corporation	35,992	82,592
Peterborough Downtown Business Improvement Area	222,042	243,052
Peterborough Utilities Commission	6,068,470	6,406,994
Peterborough Public Library Board	-	-
	6,440,845	6,865,241
Unfunded amounts		
Employee benefits	(29,603,154)	(29,287,934)
Solid waste landfill closure and post-closure	(7,431,889)	(7,062,920)
Accrued interest on long term debt	(843,534)	(931,458)
	(37,878,577)	(37,282,312)
Inventory for resale	3,044,816	4,003,057
Equity in government business enterprise (below)	95,548,000	96,214,000
Invested in Tangible Capital Assets		
Tangible capital assets net book value	801,483,768	754,740,253
Unfinanced capital	(2,293,038)	(272,723)
Short and long term debt	(137,734,581)	(127,339,101)
	661,456,150	627,128,429
Reserve Funds and Reserves		
Discretionary reserve funds	29,246,536	30,488,888
Reserves	90,084,810	87,069,700
	119,331,346	117,558,588
Accumulated Surplus	857,504,829	821,268,038

The equity in government business enterprise is comprised of the following:

	2018	2017
	\$	\$
Investment in government business enterprise	101,298,000	101,964,000
Short term cash advances converted to shares	(5,750,000)	(5,750,000)
Equity in government business enterprise	95,548,000	96,214,000

Conclusion

The City of Peterborough continues to be well positioned financially for the future.

The level of capital spending throughout 2018 remained high at \$78.3 million and is a direct result of the Debt Management and Capital Financing Plan approved by Council on April 23, 2012. That Plan provides additional funding for capital projects, however, the demand still outweighs available funds as the City struggles to keep up with the need to maintain and replace aging capital infrastructure as well as requests for expansion.

With respect to day-to-day operations, like most Ontario municipalities, the City of Peterborough continues to struggle to provide a reasonable level of service to its rate-payers while keeping tax rate increases to a minimum.

Submitted by,

Richard Freymond
Treasurer

Appendix B

CITY OF PETERBOROUGH

FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2018	2017	2016	2015	2014
CURRENT PROGRAM ACTIVITY					
Consolidated Revenues					
Taxation	127,599	123,099	118,905	114,700	109,085
Taxation from other governments	3,321	2,946	3,090	3,070	2,900
Fees and service charges	74,265	67,763	67,295	65,078	65,538
Government grants and other Municipalities	109,714	103,032	97,290	93,415	84,684
Development levies	6,887	5,529	3,979	4,442	4,145
Investment and other revenue	28,672	28,706	16,493	16,477	16,609
	350,458	331,075	307,052	297,182	282,961
Expenses	314,221	296,799	284,128	275,639	262,100
Growth in accumulated surplus	36,237	34,276	22,924	21,543	20,861
NET LONG TERM LIABILITIES					
For general municipal activities	134,545	123,875	118,310	106,919	94,306
For municipal enterprises	2,190	2,464	2,738	615	1,185
	136,735	126,339	121,048	107,534	95,491
General municipal activities - net long term liabilities as % of CVA	1.5%	1.4%	1.4%	1.3%	1.2%
CURRENT CHARGES FOR NET LONG TERM LIABILITIES					
General municipal activities and for municipal enterprise	18,626	19,621	17,304	12,835	12,855
CURRENT VALUE ASSESSMENT (CVA) - TAXABLE					
Residential and farm	7,667,093	7,343,416	7,050,785	6,820,112	6,613,688
Commercial and industrial	1,280,505	1,248,605	1,267,350	1,246,702	1,215,601
	8,947,598	8,592,021	8,318,135	8,066,814	7,829,289
Percentage increase from previous year	4.14%	3.29%	3.12%	3.03%	3.10%
Commercial / industrial CVA as percentage of total	14.3%	14.5%	15.2%	15.5%	15.5%

CITY OF PETERBOROUGH

FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2018	2017	2016	2015	2014
VALUE OF BUILDING PERMITS ISSUED					
Residential	89,661	78,682	75,583	63,305	70,322
Commercial	23,678	29,716	14,732	17,126	31,356
Industrial	14,744	2,706	25,758	4,616	56,232
Institutional	59,170	38,703	29,431	23,907	11,164
	<u>187,253</u>	<u>149,806</u>	<u>145,503</u>	<u>108,954</u>	<u>169,074</u>
Percentage increase (decrease) from previous year	25.0%	3.0%	33.5%	-35.6%	40.9%
TAX LEVY AND ARREARS					
Tax levy					
Current year's tax levy - municipal and education combined	159,474	155,105	152,661	147,859	139,655
Percentage increase over previous year	2.8%	1.6%	3.2%	5.9%	3.7%
Tax arrears					
Total arrears (excluding Allowance for Doubtful Accounts)	4,354	4,521	5,037	6,020	7,479
Percentage increase (decrease) over previous year	-3.7%	-10.2%	-16.3%	-19.5%	9.4%
Tax arrears as a percentage of current tax levy	2.7%	2.9%	3.3%	4.1%	5.4%
POPULATION & SIZE					
Estimated Population (Updated for 2016 Census)	82,094	82,094	82,094	78,700	78,700
Area in acres	16,639	16,639	16,639	16,639	16,639
PER CAPITA INFORMATION					
CVA - Taxable	108,992	104,661	101,325	102,501	99,483
Expenses	3,828	3,615	3,461	3,502	3,330
Net long-term debt for general municipal activities and municipal enterprise	1,666	1,539	1,475	1,366	1,213
Tax arrears	53	55	61	76	95

CITY OF PETERBOROUGH

FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2018	2017	2016	2015	2014
RATES OF TAXATION					
Municipal tax rates					
Residential	1.2568950%	1.2564280%	1.2544830%	1.2361920%	1.2132270%
Multi-residential	2.4474390%	2.4465290%	2.4427420%	2.4071250%	2.3624080%
New Multi-residential	1.2568950%	1.2564280%	1.2544830%	1.2361920%	1.2132270%
Commercial	1.9356810%	1.9852820%	2.0073300%	2.0028160%	1.9656100%
Commercial Vacant	1.3549770%	1.3896980%	1.4051340%	1.4019720%	1.3759270%
Industrial	2.1440110%	2.2294060%	2.3120120%	2.3631050%	2.3192050%
Industrial Vacant	1.3936070%	1.4491140%	1.5028080%	1.5360180%	1.5074830%
Pipeline	1.5970110%	1.5964170%	1.5939460%	1.5707060%	1.5415260%
Farmlands	0.3142240%	0.3141070%	0.3136210%	0.3090480%	0.3033070%
Education tax rates					
Residential	0.1700000%	0.1790000%	0.1880000%	0.1950000%	0.2030000%
Multi-residential	0.1700000%	0.1790000%	0.1880000%	0.1950000%	0.2030000%
New Multi-residential	0.1700000%	0.1790000%	0.1880000%	0.1950000%	0.2030000%
Commercial	1.3400000%	1.3884420%	1.3884420%	1.4163160%	1.4457340%
Commercial Vacant	0.9380000%	0.9719094%	0.9719094%	0.9914210%	1.0120140%
Industrial	1.3400000%	1.3900000%	1.5000000%	1.5300000%	1.5600000%
Industrial Vacant	0.8710000%	0.9035000%	0.9750000%	0.9945000%	1.0140000%
Pipeline	1.0900000%	1.1400000%	1.1800000%	1.1900000%	1.2200000%
Farmlands	0.0425000%	0.0447500%	0.0470000%	0.0487500%	0.0507500%
Combined municipal and education tax rates					
Residential	1.4268950%	1.4354280%	1.4424830%	1.4311920%	1.4162270%
Multi-residential	2.6174390%	2.6255290%	2.6307420%	2.6021250%	2.5654080%
New Multi-residential	1.4268950%	1.4354280%	1.4424830%	1.4311920%	1.4162270%
Commercial	3.2756810%	3.3737240%	3.3957720%	3.4191320%	3.4113440%
Commercial Vacant	2.2929770%	2.3616074%	2.3770434%	2.3933930%	2.3879410%
Industrial	3.4840110%	3.6194060%	3.8120120%	3.8931050%	3.8792050%
Industrial Vacant	2.2646070%	2.3526140%	2.4778080%	2.5305180%	2.5214830%
Pipeline	2.6870110%	2.7364170%	2.7739460%	2.7607060%	2.7615260%
Farmlands	0.3567240%	0.3588570%	0.3606210%	0.3577980%	0.3540570%

Corporation of the City of Peterborough
Consolidated Financial Statements
At December 31, 2018

Table of Contents

- Management Report 1
- Independent Auditor’s Report for the Consolidated Financial Statements 2
 - Statement of Financial Position 5
 - Statement of Operations and Accumulated Surplus 6
 - Statement of Change in Net Financial Assets 7
 - Statement of Cash Flows 8
- Notes to the Consolidated Financial Statements 9
 - Schedule of Tangible Capital Assets 38
 - Schedules of Segment Disclosure..... 39
- Independent Auditor’s Report for the Trust Fund Statements 41
 - Statement of Continuity and Statement of Financial Position 44
 - Note to the Trust Funds Financial Statements..... 45



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**The Corporation of the City of Peterborough
For The Year Ended December 31, 2018**

Management Report

The accompanying consolidated financial statements of the Corporation of the City of Peterborough, and all the information in this annual report, are the responsibility of management and have been reviewed by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The City maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the City's assets are appropriately accounted for and adequately safeguarded.

City Council is responsible for ensuring that management fulfills its responsibilities for financial reporting. Council, through the Finance Committee, reviews the City's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the City of Peterborough. The Finance Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external independent auditors' report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the City. Baker Tilly KDN LLP has full and free access to Council and the Finance Committee.

Mayor _____

Date _____

Chief Administrative Officer _____

Date _____

Treasurer _____

Date _____



Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Peterborough

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Peterborough and its local boards (the City), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statements of operations and accumulated surplus, change in net financial assets and 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 City as at December 31, 2018, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 City 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.

Other Matter

The financial statements of the City as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawartha LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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

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

Auditor's Responsibilities for the Audit of the 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 City 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 consolidated financial information of the entities or business activities within the City 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 17, 2019

Draft May 17, 2019

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2018

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	61,844,519	44,303,744
Taxes receivable (Note 4)	3,044,683	3,608,244
Accounts receivable (Note 5)	37,506,702	34,088,183
Inventory held for resale	3,056,622	4,029,226
Investments (Note 6)	94,554,042	101,190,831
Other receivables (Note 7)	900,706	1,007,564
Investment in Government Business Enterprise (Note 8)	101,298,000	101,964,000
	302,205,274	290,191,792
LIABILITIES		
Short term debt (Note 9)	1,000,000	1,000,000
Accounts payable and accrued liabilities	43,374,711	35,417,122
Deferred revenue (Note 10)	4,158,258	2,797,677
Solid waste landfill closure and post-closure (Note 11)	7,431,889	7,062,920
Deferred revenue - obligatory reserve funds (Note 12)	24,579,303	21,131,255
Employee benefits (Note 13)	32,211,219	31,866,854
Long term debt (Note 14)	136,734,581	126,339,101
	249,489,961	225,614,929
NET FINANCIAL ASSETS	52,715,313	64,576,863
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 15)	801,483,768	754,740,253
Prepaid expenses	2,419,755	1,206,209
Inventory of supplies	885,993	744,713
	804,789,516	756,691,175
ACCUMULATED SURPLUS (Note 16)	857,504,829	821,268,038

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For The Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	2018 \$	2017 \$
REVENUES			
Property taxation	127,221,079	127,598,532	123,098,960
Taxation from other governments	3,256,373	3,320,762	2,945,589
User fees and service charges	75,367,928	74,265,166	67,762,731
Government grants and other municipalities	120,567,758	109,714,219	103,032,893
Development levies and contributions from developers	7,038,430	6,887,484	5,528,521
Licenses, permits, royalties and rents	3,245,134	3,466,330	3,015,113
Fines and other charges	2,350,000	2,179,647	2,034,852
Penalties and interest on taxes	700,000	751,827	719,696
Investment income	2,526,950	3,236,719	2,741,616
Donations and contributed tangible capital assets	882,000	1,616,067	9,422,534
Casino and gaming revenue	1,500,000	705,606	-
Other	1,337,863	1,789,227	1,674,251
Income from government business enterprise (Note 8)	-	5,003,000	9,098,000
TOTAL REVENUES	345,993,515	340,534,586	331,074,756
EXPENSES			
General government	20,435,250	15,400,393	16,162,198
Protection services	53,652,783	54,486,949	51,748,007
Transportation services	42,555,956	43,335,522	40,046,824
Environmental services	39,073,282	39,177,583	37,326,751
Health services	12,901,267	12,503,301	12,361,804
Social and family services	85,641,593	83,632,035	78,726,885
Social housing	23,821,483	20,637,074	22,629,823
Recreation and cultural services	26,391,503	29,609,789	28,741,420
Planning and development	6,388,281	5,515,149	9,054,817
TOTAL EXPENSES	310,861,398	304,297,795	296,798,529
ANNUAL SURPLUS	35,132,117	36,236,791	34,276,227
ACCUMULATED SURPLUS, beginning of year	821,268,038	821,268,038	786,991,811
ACCUMULATED SURPLUS, end of year (Note 16)	856,400,155	857,504,829	821,268,038

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For The Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	2018 \$	2017 \$
Annual Surplus	35,132,117	36,236,791	34,276,227
Amortization of tangible capital assets	31,047,935	33,062,132	32,134,169
Net book value of tangible capital assets transferred from Sunshine Homes Non-Profit Inc.	-	(2,748,244)	-
Proceeds on disposal of tangible capital assets	-	2,028,240	2,215,093
Gain on disposal of tangible capital assets	-	(770,235)	(203,329)
Acquisition of tangible capital assets	(86,288,400)	(78,315,408)	(77,912,893)
Change in prepaid expenses	10,000	(1,213,546)	(19,245)
Change in inventory of supplies	-	(141,280)	(70,229)
DECREASE IN NET FINANCIAL ASSETS	(20,098,348)	(11,861,550)	(9,580,207)
NET FINANCIAL ASSETS, beginning of year	64,576,863	64,576,863	74,157,070
NET FINANCIAL ASSETS, end of year	44,478,515	52,715,313	64,576,863

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2018

	2018 \$	2017 \$
OPERATIONS		
Annual Surplus	36,236,791	34,276,227
Non-cash charges to/(revenue from) operations:		
Amortization	33,062,132	32,134,169
Loss/(gain) on disposal of tangible capital assets	(770,235)	(203,329)
Income from government business enterprise	(5,003,000)	(9,098,000)
Change in solid waste landfill closure and post-closure	368,969	190,213
Change in employee benefits and other liabilities	344,365	(135,442)
Contributed tangible capital assets	(1,370,783)	(8,716,997)
Loss on write-down of inventory for resale	-	3,786,658
Change in non-cash working capital (Note 17)	9,635,896	(3,135,420)
Net increase in cash related to operations	72,504,135	49,098,079
CAPITAL		
Proceeds on disposal of tangible capital assets	2,028,240	2,215,093
Purchased tangible capital assets	(76,944,625)	(69,195,896)
Net decrease in cash related to capital	(74,916,385)	(66,980,803)
INVESTING		
Proceeds from portfolio investments	36,617,515	40,529,824
Purchase of portfolio investments	(29,980,726)	(46,078,163)
Dividends received from government business enterprise	5,669,000	5,554,000
Net increase in cash related to investing	12,305,789	5,661
FINANCING		
Short term debt issued	-	1,000,000
Short term debt repayment	-	(600,000)
Long term debt issued	21,824,000	18,008,031
Long term debt principal repayment	(14,176,764)	(15,455,345)
Net increase in cash related to financing	7,647,236	2,952,686
NET CHANGE IN CASH AND TEMPORARY INVESTMENTS	17,540,775	(14,924,377)
CASH AND TEMPORARY INVESTMENTS, beginning of year	44,303,744	59,228,121
CASH AND TEMPORARY INVESTMENTS, end of year	61,844,519	44,303,744

The accompanying notes are an integral part of this financial statement.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

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

1. Significant Accounting Policies

The consolidated financial statements of The Corporation of the City of Peterborough (the "City") are the representations of management prepared in accordance with accounting principles for local governments as established by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants Canada (CPA Canada).

The focus of PSAB financial statements is on the financial position of the City and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the City. Financial assets are those assets that could provide resources to discharge existing liabilities or finance future operations. Net financial assets represent the municipal position and consist of the difference between financial assets and liabilities. This provides information about the City's overall future revenue requirements and its ability to finance activities and meet its obligations.

Reporting Entity

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

1. Peterborough Public Library Board
2. Peterborough Downtown Business Improvement Area
3. The Village Business Improvement Area
4. Peterborough Housing Corporation
5. Peterborough Utilities Commission

The City has several partnership agreements in place with The Corporation of the County of Peterborough and as such, consistent with generally accepted accounting treatment for government partnerships, the following local boards are accounted for on a proportionate consolidation basis whereby the City's pro rata share of each of the assets, liabilities, revenues and expenses are combined on a line by line basis in the financial statements. These include:

1. Fairhaven 2018 – 66% (2017 – 66%)
2. Peterborough Public Health 2018 – 57% (2017 – 57%)
3. Greater Peterborough Area Economic Development Corporation 2018 – 60% (2017 – 60%)

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

4. Peterborough County-City Waste Management Facility 2018 - 50% (2017 – 50%)

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

City of Peterborough Holdings Inc. is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise’s accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

Trust Funds

Trust funds and their related operations administered by the City are not included in these consolidated financial statements but are reported on separately on the Trust Fund’s Statement of Continuity and Statement of Financial Position.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. With the exception of the Peterborough Utilities Commission that uses the declining balance basis at a rate of 5% per annum, the cost, less residual value, if any, of the tangible capital assets are amortized on a straight-line basis over the expected useful life of the assets, as follows:

Land improvements	10-50 years
Buildings and leaseholds	10-60 years
Vehicles, machinery and equipment	2-30 years
Books and materials	7 years
Roads and sidewalks	10-100 years
Water, storm and waste water systems	5-100 years

Assets under construction are not amortized. When assets under construction are put in service they are transferred to the appropriate tangible capital asset classification.

Tangible capital assets received as contributions are recorded at their fair value at the date of transfer and are also recorded as revenue.

Historical treasures and works of art held by the City are not included as tangible capital assets.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Recognition of Revenue and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events took place that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

a. **Obligatory Reserve Funds**

The City receives development charge contributions and payments in lieu of parkland under the authority of provincial legislation and City by-laws, The Building Code, Federal Gasoline Tax Revenues, Federal Public Transit Funds under Municipal Funding Agreements with the Association of Municipalities of Ontario and Provincial Gasoline Tax Revenues. By their nature, these funds are restricted in their use and until applied to applicable qualifying projects are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are earned.

b. **Government Transfers**

Government transfers are recognized in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

c. **Taxation and Related Revenues**

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Municipal tax rates are established annually by City Council, incorporating amounts to be raised for local services. The City is required to collect on behalf of the local school boards in respect of education taxes based on rates established by the Province. Taxation revenues are recorded at the time tax billings are issued. A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessment. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are reasonably determined and are shared with the school boards as appropriate.

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

d. **Investment Income**

Investment income earned on surplus funds, (other than obligatory reserve funds) is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

e. User Fees and Service Charges

User fees and service charges are recognized in the period in which the revenue relates.

f. Casino and Gaming Revenue

Casino and Gaming revenue is recognized in the period in which the events giving rise to the transfer took place, provided the transfer is authorized, eligibility requirements, if any, have been met, and a reasonable estimate of the amount can be made.

Deferred Revenue

Deferred revenue generally represents user charges, grants and fees which have been received but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for the provision of services. They have useful lives beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year combined with the annual surplus provides the change in net financial assets for the year.

Forgivable Loans

Forgivable loans are granted by the City based on specific criteria and funding agreements. These forgivable loans are not included in the financial statements as repayment criteria are exceedingly rare. Revenue is recognized when the loan is issued and an amount equal to the loan amount expensed when the loan is granted.

Pensions and Employee Benefits

The City accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined benefit plan. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits for members of the Peterborough Professional Firefighter's Association are accrued when they are vested and subject to pay out when an employee leaves the City's employ.

Other post-employment benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Use of Management Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made complex or subjective judgements (often as a result of matters that are inherently uncertain) include, among others: allowance for uncollectible taxes, accounts payable, solid waste landfill closure and post-closure liability, employee future benefits and other liabilities, useful lives of tangible capital assets and amortization. Actual results may differ from these and other estimates, the impact of which would be recorded in future periods.

Financial Instruments

The City's financial instruments consist of cash and temporary investments, taxes receivable, accounts receivable, investments, other receivables, short term debt, accounts payable and accrued liabilities and long term debt. It is management's opinion that the fair value of its financial instruments is not materially different from their carrying value unless otherwise noted.

a. Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The City holds bonds, other marketable securities, loans and other receivables and has issued long term debt that may be impacted by interest rate risk. Management attempts to mitigate this risk through its investment and debt policies.

b. Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The City has limited exposure to credit risk as significant amounts are due from government agencies. Trade receivables are made up of a number of customers which minimizes concentrations of credit risk.

c. Foreign Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The City holds bank accounts in U.S. dollars and does not use derivative instruments to reduce exposure to foreign currency risk. The exposure to foreign currency risk is not significant.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Changes in Accounting Policies

The City has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproval at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard resulted in additional disclosure found in Note 25.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the municipality having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard resulted in additional disclosure found in Note 27.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the City's financial statements.

2. Cash and Temporary Investments

This figure is comprised of the following:

	2018	2017
	\$	\$
Petty cash and cash floats	47,714	50,451
Temporary investments	4,000,000	5,166,740
Unrestricted cash	48,342,785	30,572,455
Restricted cash	9,454,020	8,514,098
	61,844,519	44,303,744

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

3. Transfers to the School Boards

During 2018, the City made property tax transfers to the School Boards. The amounts collected and remitted amounted to \$29,848,505 (2017 - \$29,986,915). These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

4. Taxes Receivable

This figure is comprised of the following:

	2018	2017
	\$	\$
Current year's levies	2,622,761	2,611,894
Previous year's levies	1,113,942	794,498
Prior year's levies	1,014,590	911,749
Penalties and interest	878,392	797,059
	5,629,685	5,115,200
Allowance for uncollectible taxes	(2,585,002)	(1,506,956)
	3,044,683	3,608,244

5. Accounts Receivable

This figure is comprised of the following:

	2018	2017
	\$	\$
Government of Canada	10,232,424	5,297,831
Government of Ontario	4,667,177	6,173,454
Other municipalities and school boards	899,907	458,529
User charges and other receivables	21,707,194	22,158,369
	37,506,702	34,088,183

6. Investments

The investments have a cost of \$94,554,042 (2017 - \$101,190,831) at the end of the year. Investments consist of bonds, banker's acceptances and other principal guaranteed marketable securities as well as positions in The One Investment Program equity and bond portfolios. Any discount or premium on the purchase price is amortized over the life of the investment. The figure approximates market value.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

7. Other Receivables

This figure is comprised of the following:

	2018	2017
	\$	\$
Peterborough Lakers Lacrosse Association	12,000	12,000
Peterborough Lawn Bowling Club	170,000	220,000
Market Hall Performing Arts Incorporated	389,940	399,940
Peterborough Rugby Union Football Club	139,624	170,624
Peterborough Youth Soccer Club	169,142	180,000
Kinsmen Minor Football League Inc.	20,000	25,000
	900,706	1,007,564

The interest rate on the Peterborough Lawn Bowling Club and Market Hall Performing Arts Incorporated loans are prime less 0.25%. The interest rate on the Peterborough Rugby Union Football Club loan is fixed at 2.75%. The remaining loans with a value of \$201,142 (2017 - \$217,000) approved by Council to qualifying community groups have been made on an interest free basis.

8. Investment in Government Business Enterprise

City of Peterborough Holdings Inc.

City of Peterborough Holdings Inc. ("the Company") was established in 1999 to hold the shares of subsidiary companies created to meet the re-organizational requirements under the provincial government's Electricity Competition Act. The subsidiary companies of City of Peterborough Holdings Inc. are:

1. Peterborough Utilities Services Inc.;
2. Peterborough Distribution Inc.;
3. PUG Services Corp.;
4. Peterborough Utilities Inc., and its wholly owned subsidiaries:
Campbellford-Seymour Electricity Generation Inc., Lily Lake Solar Inc., Trent Energy Inc., LFG Power Corporation, London Street Power Corporation, Trent Rapids Power Corporation, Peterborough Utilities Solar Inc., Peterborough Utilities Hydro Inc., Meter Services Peterborough Inc., and Peterborough Utilities Hydro 24 Inc.
5. Peterborough Solar Projects Corporation;

All of the above companies, with the exception of Peterborough Solar Projects Corporation are wholly owned by City of Peterborough Holdings Inc., which, in turn, is wholly owned by the Corporation of the City of Peterborough. The City of Peterborough owns 51% of Peterborough Solar Projects Corporation.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

The investment in Government Business Enterprise is comprised of the following investment in City of Peterborough Holdings Inc.:

	2018 \$	2017 \$
Investment in shares	60,098,410	60,098,410
Retained earnings:		
Beginning balance	41,865,590	38,321,590
Net earnings	5,003,000	9,098,000
Less dividends	(5,669,000)	(5,554,000)
	41,199,590	41,865,590
	101,298,000	101,964,000

At its meeting dated December 12, 2016, Council of the City of Peterborough confirmed their intention to sell substantially all of the assets of Peterborough Distribution Inc. to Hydro One Inc. This sale would impact the investment in Government Business Enterprise, dividends and income in future fiscal periods. The decision is pending approval by the Ontario Energy Board.

The following table provides condensed financial information in respect of City of Peterborough Holdings Inc. for its fiscal years ending December 31.

Financial Position:

	2018 \$	2017 \$
Current assets	141,348,000	160,396,000
Capital and intangible assets	173,341,000	160,762,000
Deferred tax assets	4,789,000	6,137,000
Total Assets	319,478,000	327,295,000
Current liabilities	80,582,000	80,808,000
Other long term liabilities	123,214,000	129,340,000
Deferred tax liabilities	14,384,000	15,183,000
Total liabilities	218,180,000	225,331,000
Shareholder's Equity		
Share capital	60,098,000	60,098,000
Accumulated other comprehensive income	(1,551,000)	(1,783,000)
Retained earnings	42,751,000	43,649,000
	101,298,000	101,964,000
Total liabilities and Shareholder's Equity	319,478,000	327,295,000

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Results of Operations:

	2018	2017
	\$	\$
Revenues	40,556,000	43,020,000
Discontinued revenues	106,575,000	107,446,000
Total revenues	147,131,000	150,466,000
Expenses	141,089,000	139,067,000
Net income before provision for corporate income taxes	6,042,000	11,399,000
Provision for corporate income taxes	1,271,000	2,908,000
Income of government business enterprise	4,771,000	8,491,000

During the year the City received dividends totalling \$5,669,000 (2017 - \$5,554,000).

9. Short term debt

In 2017, the City of Peterborough obtained a short term advance from Infrastructure Ontario at an annual interest rate of 1.95%. The balance outstanding as at December 31, 2018 is \$1,000,000 (2017 - \$1,000,000).

10. Deferred Revenue

This figure is comprised of the following:

	2018	2017
	\$	\$
Rents, user fees and service charges	1,540,647	1,461,066
Tickets, events and site deposits	1,926,014	736,605
Social and family services related	291,464	207,893
Government funding	400,133	392,113
	4,158,258	2,797,677

11. Solid waste landfill closure and post closure

The solid waste landfill closure and post closure liability of \$7,431,889 (2017 - \$7,062,920) is for closure and post closure costs of the Peterborough County-City Waste Management Facility, The Harper Road closed landfill site and the Nelson closed landfill site. During 2010, the Peterborough County-City Waste Management Facility currently referred to as the North Fill Area received waste for the first time. The site referred to as the South Fill Area (SFA) reached full capacity in 2012 at which time the

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

North Fill Area (NFA) began to receive the balance of waste and will continue for at least 15 years.

The net present value of estimated closure and post closure costs for the Peterborough County-City Waste Management Facility as at December 31, 2018 is \$12,397,620 (2017 - \$12,206,960). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2017 - 2.25%), discounted at a rate of 5% (2017 - 5%). As the ownership of the facility is shared equally between the County and City of Peterborough, the liability recorded in these financial statements represents 50% of the estimated actual liability pro-rated on the basis of capacity used at the site. Estimated utilization of existing site capacity of the SFA at December 31, 2018 is 100% (2017 - 100%) and at the NFA is 50% (2017 - 43%).

The net present value of estimated closure and post closure costs for the Harper Road closed landfill site as at December 31, 2018 is \$1,193,150 (2017 - \$962,090). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2017 - 2.25%), discounted at a rate of 5% (2017 - 5%). Estimated utilization of existing site capacity at December 31, 2018 is 100% (2017 - 100%).

The net present value of estimated closure and post closure costs for the Nelson closed landfill site as at December 31, 2018 is \$1,058,700 (2017 - \$1,061,420). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% for 2018 (2017 - 2.25%), discounted at a rate of 5% for 2018 (2017 - 5%). Estimated utilization of existing site capacity at December 31, 2018 is 100% (2017 - 100%).

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a period of 174 years for the Peterborough County-City Waste Management Facility. The monitoring and inspection period for the Harper Road closed landfill site and the Nelson closed landfill site extends over a period of 25 years. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity. The estimated change in liability would be recognized prospectively, when determined.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

12. Deferred Revenue - Obligatory Reserve Funds

A requirement of the public sector accounting board of Chartered Professional Accountants Canada Public Sector Accounting Handbook is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances, these funds may possibly be refunded.

This figure is comprised of the following:

	2018	2017
	\$	\$
Development charges	14,015,924	12,967,598
Parkland fees and subdivider contributions	638,379	464,260
Building code	1,194,462	1,036,886
Federal gasoline tax	7,386,121	6,496,631
Provincial gasoline tax	392,245	165,880
Other obligatory funds	952,172	-
	24,579,303	21,131,255

The continuity of deferred revenue – obligatory reserve funds is comprised of the following:

	2018	2017
	\$	\$
Balance – beginning of year	21,131,255	18,450,226
Add amounts received:		
Development charges received	5,419,038	6,244,256
Parkland fees and subdivider contributions	164,168	126,267
Building code permits and other revenues	2,062,519	2,327,335
Provincial gasoline tax	1,833,086	1,695,345
Federal gasoline tax	5,013,213	4,870,056
Other obligatory funds received	942,773	-
Investment income	347,919	192,039
	15,782,716	15,455,298
Less amounts utilized:		
Development charges earned	4,551,301	5,282,763
Parkland fees and subdivider contributions earned	-	48,543
Building code permits earned	1,904,943	1,533,399
Provincial and Federal gasoline tax earned	5,878,424	5,909,564
	12,334,668	12,774,269
Balance – end of year	24,579,303	21,131,255

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

13. Employee Benefits

The City provides certain employee benefits that require funding in future periods. An actuarial valuation of these liabilities has been performed and the amounts are recorded in the Consolidated Statement of Financial Position.

This figure is comprised of the following:

	2018 \$	2017 \$
Accrued benefit obligation, beginning of year	30,315,541	30,221,300
Actuarial loss due to updated valuation	3,238,400	-
Current period benefit expense	1,921,973	1,335,384
Interest	971,180	1,091,256
Benefit payments	(2,611,000)	(2,332,399)
Accrued benefit obligation, end of year	33,836,094	30,315,541
Unamortized actuarial (loss)/gain	(1,624,875)	1,551,313
Employee benefits and other liabilities, end of year	32,211,219	31,866,854

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimate. There were no changes in the assumptions and related percentages from 2017 to 2018 for inflation and salary increases. There were changes made to the interest discount rates. The following represents the more significant assumptions made:

	Benefits Payable			
	for Early Retirees	Life Insurance	Worker's Compensation	Sick Leave
Inflation rate	2%	2%	2%	2%
Level of salary increases	3%	3%	3%	3%
Interest discount rate	3.6%	3.6%	3.4%	3.6%

Retirement Benefits

Full-time employees of the City are provided with Health Care and Dental benefits while active. Certain benefits are also provided in early retirement if the retiree is eligible to receive an OMERS pension. The benefits cease on the retiree's 65th birthday.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Life Insurance

Full-time employees of the City are provided with Life Insurance of two times salary while they are active employees. This coverage terminates at retirement. However, the member is provided with the option to continue the Life Insurance at a reduced amount until death and the member pays the required premium.

Workers' Compensation

Under the Workplace Safety and Insurance Act, the City is a self-insured employer (Schedule II) and remits payments to the WSIB as required to fund disability payments. The liability recorded by the City has been determined by a full actuarial review completed as of December 31, 2017, with projects for 2018 to 2020.

Liability for Vested Sick Leave

Fire Services and Fairhaven employees may vest a portion of their unused sick leave and earn entitlement to a cash payment when they leave the City's employment. Other employee groups have opted to join a new plan that does not have a vesting feature. The accrued benefit obligation and the net periodic benefit cost were determined by a full actuarial review completed as of December 31, 2017, with projects for 2018 to 2020.

Vacation Pay Entitlements

Vacation pay entitlements are based on employees' years of service. Current obligations total \$3,215,988 (2017 - \$3,209,048) of which \$2,608,065 (2017 - \$2,483,838) does not need to be recovered in future periods or has been funded in the current or previous periods.

14. Long Term Debt

The long term debt reported on the Consolidated Statement of Financial Position has been approved by the Ontario Municipal Board or the Council of the City of Peterborough. Interest rates on outstanding debt range from 1.80% to 6.45% (2017 – 1.80% to 6.45%)

Future year's repayment obligations are comprised of the following:

	2019 to 2023	2024 to 2028	2029 Onward	Total
	\$	\$	\$	\$
From general revenues	78,808,633	39,043,283	18,882,665	136,734,581

The long term debt issued in the name of the City 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. Interest on long-term debt amounted to \$4,448,629 (2017 - \$4,165,522).

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

15. Tangible Capital Assets

This figure is comprised of the following:

	Net Book Value	
	2018	2017
	\$	\$
General		
Land and land improvements	124,329,766	124,181,026
Buildings and leaseholds	135,827,833	126,889,539
Machinery and equipment	13,173,814	12,399,212
Vehicles	23,136,827	24,624,664
Books and materials	1,710,046	1,593,484
Infrastructure		
Land and land improvements	26,430,186	26,455,034
Buildings	29,097,278	30,419,580
Machinery and vehicles	331,082	438,608
Roadways and sidewalks	139,128,709	133,574,394
Storm sewer system	57,464,079	53,716,083
Wastewater system	76,705,896	69,819,575
Water system	85,542,041	84,755,241
	712,877,557	688,866,440
Assets under construction	88,606,211	65,873,813
Total tangible capital assets	801,483,768	754,740,253

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During 2018, there was \$705,606 representing gain on sale of assets (2017 gain - \$203,329). No interest was capitalized in 2018 (2017 - \$Nil). Assets contributed to the City were capitalized at their fair value on the date of acquisition and amounted to \$1,370,783 (2017 - \$8,716,997).

On February 6, 2018, Peterborough Housing Corporation acquired all the assets of Sunshine Homes Non-Profit Inc. through assumption of the current mortgage. These assets were capitalized at the original book value in Sunshine Homes Non-Profit Inc. of \$8,733,593 and acquired accumulated amortization of \$5,985,349 plus the assumed mortgage.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Tangible capital assets by function are comprised of the following:

	Net Book Value	
	2018	2017
	\$	\$
General government	42,801,282	41,198,427
Protection to persons and property	16,606,683	16,530,039
Transportation services	212,200,138	205,933,077
Environmental services	269,380,482	264,621,243
Health services	5,228,165	5,111,283
Social and family services	7,961,936	8,250,136
Social housing	37,370,011	36,005,737
Recreation and cultural services	94,264,924	85,092,971
Planning and development	27,063,936	26,123,528
Assets under construction	88,606,211	65,873,812
Total tangible capital assets	801,483,768	754,740,253

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

16. Accumulated Surplus

This figure is comprised of the following:

	2018	2017
	\$	\$
Surplus City of Peterborough		
Operating surplus before consolidated entities	125,566	159,426
Unexpended financing	9,436,684	6,621,609
	9,562,250	6,781,035
Consolidated Entities		
Peterborough Public Health	94,580	105,060
The Village Business Improvement Area	19,761	27,543
Greater Peterborough Area Economic Development Corporation	35,992	82,592
Peterborough Downtown Business Improvement Area	222,042	243,052
Peterborough Utilities Commission	6,068,470	6,406,994
Peterborough Public Library Board	-	-
	6,440,845	6,865,241
Unfunded amounts		
Employee benefits	(29,603,154)	(29,287,934)
Solid waste landfill closure and post-closure	(7,431,889)	(7,062,920)
Accrued interest on long term debt	(843,534)	(931,458)
	(37,878,577)	(37,282,312)
Inventory held for resale	3,044,816	4,003,057
Equity in government business enterprise (below)	95,548,000	96,214,000
Invested in Tangible Capital Assets		
Tangible capital assets net book value	801,483,768	754,740,253
Unfinanced capital	(2,293,038)	(272,723)
Short and long term debt	(137,734,581)	(127,339,101)
	661,456,149	627,128,429
Reserve Funds and Reserves		
Discretionary reserve funds	29,246,536	30,488,888
Reserves	90,084,810	87,069,700
	119,331,346	117,558,588
Accumulated Surplus	857,504,829	821,268,038

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

The equity in government business enterprise is comprised of the following:

	2018	2017
	\$	\$
Investment in government business enterprise (Note 8)	101,298,000	101,964,000
Short term advances due on demand converted to shares	(5,750,000)	(5,750,000)
Equity in government business enterprise (above)	95,548,000	96,214,000

17. Change in Non-Cash Working Capital

The change in the non-cash working capital is comprised of the following:

	2018	2017
	\$	\$
Taxes receivable	563,561	(160,980)
Accounts receivable	(3,418,519)	(9,447,628)
Inventory held for resale	972,604	524,491
Other receivables	106,858	242,162
Accounts payable and accrued liabilities	7,957,589	3,021,389
Deferred revenue	1,360,581	93,591
Deferred revenue – obligatory reserves	3,448,048	2,681,029
Prepaid expenses	(1,213,546)	(19,245)
Inventory of supplies	(141,280)	(70,229)
	9,635,896	(3,135,420)

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

18. Expenses by Object

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are comprised of the following:

	Budget 2018	2018	2017
	\$	\$	\$
	(Unaudited)		
Salary, wages and employee benefits	121,483,540	119,459,300	113,904,435
Interest on long term debt	7,178,663	4,448,629	4,165,522
Materials	40,169,325	40,702,790	37,974,272
Contracted services	51,075,468	48,900,833	48,206,438
Rents and financial expenses	2,437,223	2,127,061	2,055,108
External transfers	57,469,244	56,367,285	54,775,256
Amortization	31,047,935	33,062,132	32,134,169
Gain on disposal of tangible capital assets	-	(770,235)	(203,329)
Loss in write-down of inventory for resale	-	-	3,786,658
	310,861,398	304,297,795	296,798,529

19. Partnerships with the County of Peterborough

Certain services are provided by joint local boards established in partnership with the County of Peterborough. Under the agreements created at the time each board was established, decisions related to the financial and operating activities are shared, neither partner is in a position to exercise unilateral control. Operations of each board are included in these financial statements based on the share of net operating expenses contributed by the City during the fiscal period being reported. The following provides a brief description of the nature and purpose of each entity and condensed financial information.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Fairhaven

Fairhaven is dedicated to serving the continuum of long-term care needs of Peterborough City and County by providing innovative programs and services to clients in a caring environment that upholds dignity and promotes quality of life.

Financial Position:

	2018		2017	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Financial assets	4,166,894	2,777,929	3,552,546	2,368,376
Liabilities	9,204,504	6,136,336	11,099,421	7,399,651
Net financial liabilities	(5,037,610)	(3,358,407)	(7,546,875)	(5,031,275)
Non-financial assets	11,497,750	7,665,167	12,302,929	8,201,994
Accumulated surplus	6,460,140	4,306,760	4,756,054	3,170,719

Results of Operations:

	2018		2017	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Revenues	24,106,649	16,071,099	23,181,663	15,454,519
Expenses	22,402,563	14,935,042	21,602,559	14,401,778
Annual surplus	1,704,086	1,136,057	1,579,104	1,052,741

Fairhaven has incurred long-term debt as a result of a mandated rebuild by the Ministry of Health and Long-Term Care. Fairhaven will finance the annual debenture payments through a Ministry of Health and Long-Term Care annual contribution of \$955,752 for twenty years and contributions from the City and County for eighteen years in the amounts of \$709,939 and \$342,745 respectively.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Peterborough Public Health

Peterborough Public Health strives to enable people and the community to be as healthy as possible. Peterborough Public Health is a not-for-profit organization, which provides accessible, community based programs, and services that promote, protect and restore health.

Financial Position:

	2018		2017	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	3,763,799	2,145,365	3,630,561	2,069,420
Liabilities	5,527,728	3,150,805	5,622,475	3,204,811
Net financial liabilities	(1,763,929)	(1,005,440)	(1,991,914)	(1,135,391)
Non-financial assets	9,204,203	5,246,396	9,018,589	5,140,596
Accumulated surplus	7,440,274	4,240,956	7,026,675	4,005,205

Results of Operations:

	2018		2017	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	13,171,621	7,507,824	12,464,046	7,104,506
Expenses	12,758,022	7,272,073	12,630,055	7,199,131
Annual surplus/(deficit)	413,599	235,751	(166,009)	(94,625)

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Greater Peterborough Area Economic Development Corporation (Operating as Peterborough and the Kawarthas Economic Development “PKED”)

PKED promotes economic development in the Greater Peterborough area, with the co-operation and participation of available community resources, by encouraging, facilitating and supporting community strategic planning and increasing self-reliance, investment and job creation within the community.

Financial Position:

	2018		2017	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Financial assets	524,386	314,632	463,507	278,104
Liabilities	317,871	190,723	216,126	129,676
Net financial assets	206,515	123,909	247,381	148,428
Non-financial assets	163,387	98,032	200,190	120,114
Accumulated surplus	369,902	221,941	447,571	268,542

Results of Operations:

	2018		2017	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Revenues	2,497,283	1,498,370	2,498,571	1,499,143
Expenses	2,574,952	1,544,971	2,433,445	1,460,067
Annual (deficit)/surplus	(77,669)	(46,601)	65,126	39,076

In 2018, the comparative 2017 numbers for PKED were restated. The Corporation's actuaries determined that the employees of PKED are not entitled to the future benefits previously recorded in the financial statements. The adjustments are immaterial to these consolidated financial statements and as a result, comparative figures have not been adjusted.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Peterborough County-City Waste Management Facility

On July 1, 2002, the City and County of Peterborough entered into an agreement to jointly develop and operate a waste disposal facility. The Facility will receive non-hazardous waste from the County and City in accordance with the applicable regulations and the Certificate of Approval issued by the Ministry of the Environment and Energy to develop, operate and close the Facility. All revenues and expenses related to the development, management, closure, post-closure care and monitoring of the Facility are shared equally by both organizations.

Included in the Statement of Financial Position is an amount due to/(from) the County of Peterborough of \$287,527 (2017 – \$168,398).

Results of Operations:

	2018		2017	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Revenues	3,333,099	1,666,549	3,504,185	1,752,093
Expenses	3,679,574	1,839,787	3,781,862	1,890,931
Net expenses	(346,475)	(173,238)	(277,677)	(138,838)

20. Pension Agreements

The City is a member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff and part-time staff that meet specific eligibility requirements. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of credited service and average earnings.

The Actuarial Opinion contained in the 2018 Annual Report disclosed total actuarial liabilities of \$99.1 billion in respect of benefits accrued for service with actuarial assets of \$94.9 billion indicating an actuarial deficit of \$4.2 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficit are a joint responsibility of Ontario Municipal Organizations and their employees. As a result, the Corporation of the City of Peterborough does not recognize any share of the OMERS pension surplus or deficit.

The City's share of the annual contribution to the pension plan for current service is charged to operations in the year in which the contribution is made. For 2018, the current service cost amounted to \$10,735,813 (2017 - \$9,124,569).

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

21. Municipal Child Care Grants and Subsidies

The City of Peterborough provides child care services at five locations within the City: Peterborough Child Care, Pearson Child Care, and the Before and After School Programs located at Edmison Heights, King George and Westmount public schools. The City receives various grants and subsidies from the Province of Ontario to assist with the operations of the programs or assistance for families to cover the child care fees. The following represents grants and subsidies received in the current year.

	Fee Subsidy	General Operating Grant	Repairs and Maintenance	Total
	\$	\$	\$	\$
Peterborough Child Care	202,219	93,901	11,469	307,589
Pearson Child Care	255,256	112,411	8,624	376,291
School Age Programs	74,182	50,996	-	125,178
	531,657	257,308	20,093	809,058

22. Trust Funds

Trust funds administered by the Corporation of the City of Peterborough amounting to \$338,384 (2017 - \$333,710) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. Due to the fact that balances are held in trust by the Corporation for the benefit of others, they are not presented as part of financial position or financial activities.

23. Budget Figures

The budget approved by the City for the year is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

24. Lease Commitments

The City has entered into the following long-term operating lease agreement. The following table provides information on the minimum lease payments:

	Total
2019	2,657,801
2020	2,703,151
2021	2,749,880
2022	2,798,039
2023	2,847,629
Thereafter	7,589,803
Total minimum lease payments	21,346,303
Less: payments assumed by sub-lessee	2,435,898
	18,910,405

On October 30, 2000 the City committed to lease an office building, associated land and leaseholds for a 25-year term. The lease payments shown above include basic rent and base operating costs adjusted for estimated escalation and de-escalation provisions according to the agreement.

The City in turn has an agreement to sublease the premises to Americredit Financial Services of Canada Ltd, the terms of which expire July 31, 2019. Although there are provisions in the sublease agreement to either terminate the lease prior to this date, or, alternatively extend it for a further 7 years, the above table assumes that the sublease will continue to July 31, 2019. It is the City's expectation that the sublease will remain in place for the duration of the 25 years.

25. Contingent Assets

The Corporation of the City of Peterborough has initiated a lawsuit against a general contractor. The outcome of the litigation is not determinable at the audit report date and as such, no accrual or recognition of this asset has been made in these financial statements. The City records settlements as assets in the period they are likely to occur. Although it is possible that assets may arise in other instances for which no accruals have been made, the City does not believe that the outcome of this litigation will have a material effect on its financial position.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

26. Contingent Liabilities

The Corporation of the City of Peterborough, in the course of operations is subject to claims, lawsuits and contingencies. The City records settlements as liabilities in the period they are reasonably determined. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the City does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its financial position.

On May 4, 2007, Bill 233, the Workplace Safety and Insurance Amendment Act (Presumptions for Firefighters), 2007, received Royal Assent. The Act provides for the eligibility of firefighters, and fire investigators, to receive compensation when they were deemed to have been subjected to certain illnesses and/or injuries sustained since January 1, 1960. The Act presumes that certain conditions, illnesses or injuries were work-related unless it can be demonstrated that the condition, illness or injury was a result of a non-work related incident, or was hereditary.

As a Schedule 2 employer under the Workplace Safety and Insurance Board Act, the City self-insures against claims made under the provisions of this Act. As the City provides fire protection services, certain current and former employees of the City may be eligible to receive awards under the amended Act. At this point in time, it is not practical to determine what exposure, if any, the City has as a result of the amended Act coming to force, and consequently, no amount has been provided for in these financial statements.

27. Contractual Rights

The Corporation of the City of Peterborough (The City) has contractual rights related to receipt of Electronic Games and Live Table Games revenue as described by the Municipality Contribution Agreement (The Agreement) with Ontario Lottery and Gaming Corporation (OLG). The Agreement was signed by the City and OLG on August 14, 2018 and it will continue to be in effect until the earlier of (i) the date on which Casino Games are no longer conducted and managed by OLG in the City at the location, (ii) the date on which any license or permit required to run Casino Games in the City at the location is no longer available or becomes invalid, (iii) the effective date of written notice of termination or (iv) a date mutually agreeable to The City and the OLG. The Agreement entitles The City to receive payments from OLG based on certain percentages of Electronic Games and Live Tables Games revenue on a quarterly basis. Given the nature of the contractual right, quarterly payments are expected to take place and continue for a considerable period in the future. The City records receipt of contractual rights as assets or accruals in the period in which they occur. Although it is possible that assets may arise in other instances for which no accruals have been made, the City does not believe that such outcomes will have a material effect on its financial position.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

28. Contaminated Sites

The Corporation of the City of Peterborough in the normal course of operations owns certain contaminated sites. The contamination associated with the sites has been determined or is likely expected to be in excess of environmental standards. A reasonable estimate of the costs to remediate the sites cannot be determined as at the financial statement date; as a result, no liability has been recognized in these financial statements. The City is working toward a valuation for the liability for the contaminated sites.

29. Loan Guarantee

In August 2005, the City of Peterborough entered into an agreement with the Peterborough Family Y.M.C.A. to guarantee the mortgage for the new Y.M.C.A. building to an amount not to exceed \$7,250,000. The balance outstanding on the loan at December 31, 2018 is \$2,692,383 (2017 - \$2,976,972).

30. Provincial Offences Office

Revenues from the POA office consist of fines levied under Parts I and III (including delay penalties) for POA charges filed at 99 Simcoe Street in Peterborough. Offenders may pay their fines at any court office in Ontario, at which time, their receipt is recorded in the Integrated Courts Operation Network system ("ICON") operated by the Province of Ontario. The City of Peterborough recognizes fine revenue when the receipt of funds is recorded by ICON and matched to the offence notice, regardless of the location where payment is made.

Gross and net revenues for the year ended December 31, 2018, amounted to \$2,179,647 (2017 - \$2,034,852) and \$927,018 (2017 - \$1,022,054) respectively.

The Provincial Offences Office net revenues are jointly shared by the County of Peterborough and the City of Peterborough based on weighted assessments. During 2018, the proportion based on weighted assessment for the City was 45.5% (2017 - 45.5%). Based on this percentage, the City's portion of Net Revenues was \$421,793 (2017 - \$465,034).

Included in the Statement of Financial Position is an amount due from/(to) the County of Peterborough of \$78,549 (2017 - \$172,074).

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

31. Segment Information

The Corporation of the City of Peterborough is a diversified municipal government institution that provides a range of services to its residents including police, fire, public transit, community services, solid waste management and recycling. Municipal services are reported by function and their activities are separately disclosed in the segment information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segment financial information. Taxation, payments-in-lieu of taxes and investment income are apportioned based on each segment's net requirements. Revenues are allocated to segments based on amounts originally budgeted, adjusted for Public Sector Accounting Board recommendations or based on the Provincial requirements of the Financial Information Return. Expenses are allocated to segments based on the Provincial requirements for the Financial Information Return.

Interfunctional transfers include an administrative overhead allocation, data processing costs and accounting fees that are allocated based on the original amount budgeted. Interfunctional transfers also include a percentage overhead charge based on the amount of wages allocated to specific recoverable jobs that are undertaken by the public works department. That allocation is based on the percentage originally budgeted. Other internal charges are made for wages and materials used during repair and preventative maintenance activities based on actual costs of the inputs. Other interfunctional charges such as leachate treatment are based on the actual costs of undertaking the testing. Engineering costs are allocated to capital projects based on a percentage of administrative overhead dictated in request for proposals award reports.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

Functions disclosed separately in the segment information are as follows:

General Government

General government consists of the activities of Council and general financial and administrative management of the City and its programs and services.

Protection to Persons and Property

Protection services include police, fire, conservation authority, protective inspection and control, emergency measures and the Provincial Offences Office.

Corporation of the City of Peterborough

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2018

Transportation Services

The activities of the transportation function include construction and maintenance of the City's roads and bridges, winter control, public transit, parking, street lighting and air transportation.

Environmental Services

The environmental function is responsible for the sanitary sewer system, storm sewers, solid waste collection, and waste disposal and recycling.

Health Services

The health services function consists of activities of Peterborough Public Health and activities of the land ambulance service that is a shared service with the County of Peterborough.

Social and Family Services

The social and family services function includes general assistance as well as childcare services and assistance to aged persons provided by Fairhaven.

Social Housing Services

The social housing function provides access and administration related to affordable housing in the City including the activities of Peterborough Housing Corporation.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs, library services and information about the City's heritage through the Peterborough Museum and Archives.

Planning and Development Services

The planning and development services function manages commercial, industrial and residential development within the City.

Electric Utility

The electric utility function consists of the equity investment in City of Peterborough Holdings Inc.

32. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation adopted in the current year. Annual surplus for the previous year is not affected by this reclassification.

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For The Year Ended December 31, 2018

	General					Infrastructure							Assets under Construction	Total \$
	Land and land Improvements	Buildings and leaseholds	Machinery and equipment	Vehicles	Books and materials	Land and land Improvements	Buildings	Machinery and Vehicles	Roadways and sidewalks	Storm sewer system	Wastewater System	Water System		
COST														
Balance, beginning of year	156,356,365	244,158,131	30,505,483	44,128,505	3,549,816	26,616,545	57,890,391	2,457,365	247,316,112	76,777,447	105,976,398	167,677,935	65,873,813	1,229,284,306
Add: Additions	1,076,939	8,076,488	1,621,029	-	568,936	-	114,746	-	-	-	-	5,298,214	70,292,649	87,049,001
Less: disposals and retirements	287,481	558,689	278,415	411,490	434,003	-	-	-	949,493	74,330	150,437	-	59,125	3,203,463
Interfund transfers	2,223,075	14,492,590	2,087,800	1,635,065	-	-	-	-	12,063,288	4,933,857	10,065,451	-	(47,501,126)	-
BALANCE, end of year	159,368,898	266,168,520	33,935,897	45,352,080	3,684,749	26,616,545	58,005,137	2,457,365	258,429,907	81,636,974	115,891,412	172,976,149	88,606,211	1,313,129,844
ACCUMULATED AMORTIZATION														
Balance, beginning of year	32,175,339	117,268,592	18,106,271	19,503,841	1,956,332	161,511	27,470,811	2,018,757	113,741,718	23,061,364	36,156,823	82,922,694	-	474,544,053
Add: Amortization	3,323,124	7,113,602	2,685,423	2,948,651	452,374	24,848	1,437,048	107,526	6,279,721	1,132,359	3,046,042	4,511,414	-	33,062,132
Add: Acquired amortization	-	5,858,729	126,620	-	-	-	-	-	-	-	-	-	-	5,985,349
Less: disposals and retirements	33,973	325,594	156,231	237,239	434,003	-	-	-	720,241	20,828	17,349	-	-	1,945,458
BALANCE, end of year	35,464,490	129,915,329	20,762,083	22,215,253	1,974,703	186,359	28,907,859	2,126,283	119,301,198	24,172,895	39,185,516	87,434,108	-	511,646,076
NET BOOK VALUE	123,904,408	136,253,191	13,173,814	23,136,827	1,710,046	26,430,186	29,097,278	331,082	139,128,709	57,464,079	76,705,896	85,542,041	88,606,211	801,483,768

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For The Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural \$	Planning and Development \$	Electric Utility \$	Total \$
REVENUES											
Property taxation	15,117,541	43,252,807	28,218,413	4,761,590	5,657,435	7,982,419	4,525,481	13,390,118	4,692,728	-	127,598,532
Taxation from other governments	393,435	1,125,658	734,386	123,921	147,235	207,743	117,776	348,479	122,129	-	3,320,762
User fees and service charges	848,209	1,432,422	11,816,372	36,722,419	472,883	5,386,948	7,455,429	9,933,469	197,015	-	74,265,166
Government grants and other municipalities	33,559	3,686,276	9,534,119	5,911,866	6,165,585	71,854,342	11,349,050	355,827	823,595	-	109,714,219
Development levies and contributions from developers	11,766	17,720	1,855,140	2,662,572	-	-	-	1,313,687	1,026,599	-	6,887,484
Licences, permits, royalties and rents	1,007,832	1,934,397	36,863	65,795	-	-	-	417,899	3,544	-	3,466,330
Fines and other charges	-	2,179,647	-	-	-	-	-	-	-	-	2,179,647
Penalties and interest on taxes	751,827	-	-	-	-	-	-	-	-	-	751,827
Investment income	333,183	953,271	621,920	406,079	161,238	205,931	142,377	309,243	103,477	-	3,236,719
Donations and contributed tangible capital assets	21,562	-	1,244,878	124,813	-	-	18,000	206,101	713	-	1,616,067
Casino and gaming revenue	705,606	-	-	-	-	-	-	-	-	-	705,606
Other	172,526	-	-	767,095	126,692	-	301,981	-	420,933	-	1,789,227
Income from government business enterprise (Note 8)	-	-	-	-	-	-	-	-	-	5,003,000	5,003,000
TOTAL REVENUES	19,397,046	54,582,198	54,062,091	51,546,150	12,731,068	85,637,383	23,910,094	26,274,823	7,390,733	5,003,000	340,534,586
EXPENSES											
Salaries, wages and employee benefits	5,560,542	44,628,288	18,737,450	5,328,522	5,576,416	22,744,946	3,201,116	11,081,838	2,600,182	-	119,459,300
Interest on net long term debt	62,811	107,982	1,740,903	866,554	62,373	269,618	612,314	687,737	38,337	-	4,448,629
Materials	5,430,682	3,320,069	9,704,419	4,108,152	1,971,549	3,487,254	6,863,250	4,361,782	1,455,633	-	40,702,790
Contracted services	3,539,767	1,202,558	4,242,494	16,208,263	4,589,078	3,867,680	9,273,536	4,762,411	1,215,046	-	48,900,833
Rents and financial expenses	269,761	50,561	34,999	544,101	16,430	731,425	43,396	330,232	106,156	-	2,127,061
External transfers	547,572	1,639,015	-	-	145,241	50,322,954	1,622,809	2,044,799	44,895	-	56,367,285
Amortization	1,851,205	1,475,053	11,463,135	11,443,212	142,214	653,626	1,143,997	4,834,790	54,900	-	33,062,132
Loss/(gain) on disposal of tangible capital assets	39,431	(90,676)	435,382	186,590	-	-	(1,370,348)	29,386	-	-	(770,235)
Interfunctional transfers	(1,901,378)	2,154,099	(3,023,260)	492,189	-	1,554,532	(752,996)	1,476,814	-	-	-
TOTAL EXPENSES	15,400,393	54,486,949	43,335,522	39,177,583	12,503,301	83,632,035	20,637,074	29,609,789	5,515,149	-	304,297,795
NET SURPLUS (DEFICIT)	3,996,653	95,249	10,726,569	12,368,567	227,767	2,005,348	3,273,020	(3,334,966)	1,875,584	5,003,000	36,236,791

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For The Year Ended December 31, 2017

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural \$	Planning and Development \$	Electric Utility \$	Total \$
REVENUES											
Property taxation	16,206,455	40,974,685	21,579,915	7,132,032	5,537,173	8,402,288	4,203,173	14,092,885	4,970,354	-	123,098,960
Taxation from other governments	387,798	980,468	516,378	170,660	132,497	201,055	100,576	337,223	118,934	-	2,945,589
User fees and service charges	875,948	1,281,714	8,821,959	35,400,742	475,919	5,111,153	6,075,437	9,470,314	249,545	-	67,762,731
Government grants and other municipalities	55,891	3,391,085	10,775,047	1,430,272	5,842,719	67,195,922	12,682,950	959,879	699,128	-	103,032,893
Development levies and contributions from developers	29,559	12,238	3,007,195	650,361	-	-	-	911,823	917,345	-	5,528,521
Licences, permits, royalties and rents	881,332	1,571,374	71,765	66,930	-	-	-	423,712	-	-	3,015,113
Fines and other charges	-	2,034,852	-	-	-	-	-	-	-	-	2,034,852
Penalties and interest on taxes	719,696	-	-	-	-	-	-	-	-	-	719,696
Investment income	312,828	790,921	416,550	302,149	130,883	178,404	233,329	280,543	96,009	-	2,741,616
Donations and contributed tangible capital assets	-	-	8,736,548	169,515	-	-	-	465,758	50,713	-	9,422,534
Casino and gaming revenue	-	-	-	-	-	-	-	-	-	-	-
Other	173,228	1,085	-	839,105	74,472	-	316,419	-	269,942	-	1,674,251
Income from government business enterprise (Note 8)	-	-	-	-	-	-	-	-	-	9,098,000	9,098,000
TOTAL REVENUES	19,642,735	51,038,422	53,925,357	46,161,766	12,193,663	81,088,822	23,611,884	26,942,137	7,371,970	9,098,000	331,074,756
EXPENSES											
Salaries, wages and employee benefits	6,552,090	41,912,247	17,075,090	4,827,992	5,594,791	21,679,892	2,938,326	10,794,955	2,529,052	-	113,904,435
Interest on net long term debt	98,579	145,378	1,426,978	906,908	64,120	300,548	613,847	561,152	48,012	-	4,165,522
Materials	4,908,466	3,349,983	9,080,459	3,721,108	1,751,940	3,137,571	5,965,188	4,785,432	1,274,125	-	37,974,272
Contracted services	3,893,030	1,056,832	3,964,740	15,233,458	4,571,432	1,956,992	12,000,575	4,194,150	1,335,229	-	48,206,438
Rents and financial expenses	267,615	50,230	26,840	562,964	17,880	675,168	95,982	275,903	82,526	-	2,055,108
External transfers	530,432	1,682,287	-	-	100,412	48,799,483	1,604,117	2,025,279	33,246	-	54,775,256
Amortization	1,765,472	1,489,825	11,057,580	11,244,991	142,213	720,908	1,021,016	4,653,232	38,932	-	32,134,169
Loss/(gain) on disposal of tangible capital assets	13,053	35,025	602,058	55,411	119,016	-	(956,038)	1,109	(72,963)	-	(203,329)
Loss on writedown of Inventory for resale	-	-	-	-	-	-	-	-	3,786,658	-	3,786,658
Interfunctional transfers	(1,866,539)	2,026,200	(3,186,921)	773,919	-	1,456,323	(653,190)	1,450,208	-	-	-
TOTAL EXPENSES	16,162,198	51,748,007	40,046,824	37,326,751	12,361,804	78,726,885	22,629,823	28,741,420	9,054,817	-	296,798,529
NET SURPLUS (DEFICIT)	3,480,537	(709,585)	13,878,533	8,835,015	(168,141)	2,361,937	982,061	(1,799,283)	(1,682,847)	9,098,000	34,276,227

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Peterborough

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the City of Peterborough (the Trust Funds), which comprise the statement of financial position as at December 31, 2018, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2018, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Trust Funds as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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

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

In preparing the financial statements, management is responsible for assessing the Trust Funds'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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 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 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 Trust Funds'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 Trust Funds's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 17, 2019

Draft May 17, 2019

CORPORATION OF THE CITY OF PETERBOROUGH

TRUST FUNDS STATEMENT OF CONTINUITY For The Year Ended December 31, 2018

	City Parks \$	Special Holding \$	Safety Patrol \$	Cenotaph Trust \$	Library Trust Funds \$	Morrow Park Trust \$	Parks Hancock Trust \$	Parks Tollington Endowment \$	Fairhaven Special Purpose \$	Residents' Personal Trust \$	2018 \$	2017 \$
ACCUMULATED SURPLUS, beginning of year	124,012	19,142	28,747	24,592	20,354	6,792	34,016	8,506	3,609	63,940	333,710	488,123
REVENUES												
Deposits and grants	-	-	9,385	-	-	-	-	-	-	115,747	125,132	153,164
Transfer from Fairhaven	-	-	-	-	-	-	-	-	-	33,653	33,653	34,823
Interest earned	2,284	353	607	430	375	125	626	166	34	-	5,000	4,184
	2,284	353	9,992	430	375	125	626	166	34	149,400	163,785	192,171
EXPENSES												
Transfers to operations	-	-	-	-	-	-	-	-	-	-	-	229
Withdrawals, purchases	-	-	3,920	3,528	-	-	-	-	-	138,648	146,096	342,456
Residents maintenance	-	-	-	-	-	-	-	-	-	9,847	9,847	2,973
Donation	-	-	-	-	-	-	-	-	-	1,668	1,668	926
Transfer to Fairhaven	-	-	-	-	-	-	-	-	-	1,500	1,500	-
	-	-	3,920	3,528	-	-	-	-	-	151,663	159,111	346,584
ACCUMULATED SURPLUS, end of year	126,296	19,495	34,819	21,494	20,729	6,917	34,642	8,672	3,643	61,677	338,384	333,710

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2017

	City Parks \$	Special Holding \$	Safety Patrol \$	Cenotaph Trust \$	Library Trust Funds \$	Morrow Park Trust \$	Parks Hancock Trust \$	Parks Tollington Endowment \$	Fairhaven Special Purpose \$	Residents' Personal Trust \$	2018 \$	2017 \$
FINANCIAL ASSETS												
Cash	126,296	19,495	35,571	21,494	20,729	6,917	34,642	8,672	3,643	67,756	345,215	338,172
	126,296	19,495	35,571	21,494	20,729	6,917	34,642	8,672	3,643	67,756	345,215	338,172
LIABILITIES AND ACCUMULATED SURPLUS												
Accounts payable	-	-	752	-	-	-	-	-	-	-	752	1,046
Due to revenue fund/Fairhaven	-	-	-	-	-	-	-	-	-	6,079	6,079	3,416
Accumulated surplus	126,296	19,495	34,819	21,494	20,729	6,917	34,642	8,672	3,643	61,677	338,384	333,710
LIABILITIES AND ACCUMULATED SURPLUS	126,296	19,495	35,571	21,494	20,729	6,917	34,642	8,672	3,643	67,756	345,215	338,172

Corporation of the City of Peterborough

Trust Funds - Note to the Financial Statements

For The Year Ended December 31, 2018

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada (CPA Canada).

Basis of presentation

These trust fund statements reflect the assets, liabilities, sources of financing and expenditures combining trust funds of the City of Peterborough and the following local boards:

1. Peterborough Public Library Board
2. Fairhaven

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.