



City of
Peterborough

To: Members of the Finance Committee

From: Richard Freymond, Commissioner of Corporate and Legislative Services

Meeting Date: September 12, 2022

Subject: Treasurer's Report, 2021 Consolidated Financial Report, 2021 Trust Funds Financial Statement and Five-Year Review, Report CLSFS22-027

Purpose

A report to recommend the Treasurer's Report, 2021 Consolidated Financial Report, the 2021 Trust Funds Financial Statement, and Five-Year Review be received, that underlying accounting policies be approved, and the 2021 Financial Report be received and submitted to the Province of Ontario.

Recommendations

That Council approve the recommendations outlined in Report CLSFS22-027 dated September 12, 2022, of the Commissioner of Corporate and Legislative Services as follows:

- a) That Report CLSFS22-027, Treasurer's Report, 2021 Consolidated Financial Report, the 2021 Trust Funds Financial Statement and Five-Year Review be received as information; and
- b) That the underlying accounting policies as detailed in the Notes to the Financial Statements included in Appendix C, be approved; and
- c) That the Treasurer's Report, 2021 Consolidated Financial Report and 2021 Trust Funds Financial Statement as received, be submitted to the Province of Ontario.

Budget and Financial Implications

There are no budget and financial implications to receiving this report.

Background

Each year the City must undergo an external audit mandated by Section 296.1 of the **Municipal Act, 2001**. The audit involves the City's external Auditor, Baker Tilly KDN LLP, conducting the audit in accordance with Canadian generally accepted auditing standards. Those standards require that they plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The audit also involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements as well as assessing the accounting principles used and significant estimates made by management. The audit also evaluates the overall financial statement presentation.

The Treasurer's Report and Five-Year Review are supplementary to the financial statements. They are used to summarize, highlight and evaluate the financial health of the City and confirm its ability to meet future obligations. Although there is no separate audit report attached to these reports, they are generated from the same information used to compile the year-end financial statements.

Submitted by,

Richard Freymond
Commissioner of Corporate and Legislative Services

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Attachments:

Appendix A - Treasurer's Report on the 2021 Financial Report for the City of Peterborough

Appendix B - City of Peterborough – Five-Year Review

Appendix C - Consolidated Financial Report Including Trust Funds Financial Statement



City of
Peterborough

500 George Street North, Peterborough, ON K9H 3R9

September 12, 2022

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

Treasurer's Report on the 2021 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, 2021. 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 2021 Capital and Operating Budget on December 14, 2020.

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 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.

The Impact of the COVID-19 Pandemic

In January 2020, a new coronavirus, COVID-19, was identified. The situation evolved rapidly and on March 11, 2020, the World Health Organization (WHO) classified COVID-19 as a global pandemic.

On March 23, 2020 Mayor Diane Therrien declared a State of Emergency for Peterborough to help contain the spread of COVID-19. Throughout the remaining nine months of 2020 and during 2021 City operations continued to be impacted by provincial lockdowns and restrictions. Some City facilities, programs and services were reopened and resumed normal operations by the end of 2021. This is reflected in the revenues and expenditures of the consolidated financial statements for the year ended December 31, 2021.

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 2021, the City recorded consolidated revenues of \$376 million (2020 - \$383.3 million).

A summary of the key revenue variances is shown in Chart 2.

Chart 2 - Consolidated Revenues

	2021		2020		Variance Increase (Decrease)
	\$	%	\$	%	\$
Property taxation	142,427,432	37.9%	135,466,507	35.3%	6,960,925
Taxation from other governments	3,749,018	1.0%	3,747,862	1.0%	1,156
User fees and service charges	66,196,791	17.6%	63,991,714	16.7%	2,205,077
Government grants and other municipalities	128,720,741	34.2%	125,304,413	32.7%	3,416,328
Development levies and contributions from developers	6,548,593	1.7%	3,927,916	1.0%	2,620,677
Licenses, permits, royalties and rents	4,449,308	1.2%	4,412,508	1.2%	36,800
Fines and other charges	2,065,209	0.5%	2,115,459	0.6%	(50,250)
Penalties and interest on taxes	838,081	0.2%	655,890	0.2%	182,191
Investment income	4,425,824	1.2%	3,499,275	0.9%	926,549
Donations and contributed tangible capital assets	1,826,285	0.5%	568,180	0.1%	1,258,105
Casino and gaming revenue	1,243,826	0.3%	854,996	0.2%	388,830
Income from government business enterprise	6,114,362	1.6%	33,705,410	8.8%	(27,591,048)
Other	7,382,313	2.0%	5,080,487	1.3%	2,301,826
Total Consolidated Revenues	375,987,783	99.9%	383,330,617	100.0%	(7,342,834)

Revenues decreased \$7.3 million due to several factors:

- The net property taxation levy was \$6.9 million higher than the previous year. The approved tax increase was 2.99% or \$4.4 million which was offset by in-year assessment changes by MPAC resulting in increased supplementary assessment changes and write-offs of \$2.5 million.
- User fees and service charges increased by \$2.2 million over the previous year as many City facilities and programs were resumed after being closed or restricted during 2020 due to the pandemic.

- Government grants increased by \$3.4 million. This includes \$12 million received by the City in Safe Restart funding from the Province for lost revenues and increased costs due to the pandemic and Social Services funding flowed directly to clients.
- Development levies and contributions from developers increased by \$2.6 million as activities began to return to more normal levels after pandemic impacts of 2020.
- Casino Gaming Revenue increased by \$0.4 million as the casino operations were restricted due to the pandemic.
- Income from Government Business Enterprise decreased by \$27.5 million. This is the income of the City of Peterborough Holdings, Inc. (COPHI). During 2020 COPHI had increased income from the gain on disposition of the sale of PDI assets to Hydro One. This resulted in an increase in Income from GBE to the City for 2020 and in 2021 this income returned to a normal level.
- Other revenue was \$2.3 million higher. This is largely due to gains on disposition of assets of \$5.2 million netted against a decrease in miscellaneous revenues.

Consolidated expenses totaled \$332.4 million (2020 - \$311.4 million).

A summary of the key expense variances is shown in Chart 3.

Chart 3 - Consolidated Expenses

	2021		2020		Variance Increase (Decrease)
	\$	%	\$	%	\$
General government	31,742,918	9.5%	24,793,545	8.0%	6,949,373
Protection services	55,503,879	16.7%	52,845,563	17.0%	2,658,316
Transportation services	45,356,012	13.6%	44,912,332	14.4%	443,680
Environmental services	48,876,100	14.7%	41,313,612	13.3%	7,562,488
Health services	16,290,142	4.9%	13,436,572	4.3%	2,853,570
Social and family services	81,428,942	24.5%	81,310,717	26.1%	118,225
Social housing	21,667,485	6.5%	24,012,497	7.7%	(2,345,012)
Recreation and cultural services	25,790,883	7.8%	24,087,246	7.7%	1,703,637
Planning and development	5,829,027	1.8%	4,702,758	1.5%	1,126,269
Total Consolidated Expenses	332,485,388	100.0%	311,414,842	100.0%	21,070,546

Total operating expenses increased by \$21 million due to resuming operations, programs and services in many divisions that were closed during 2020 due to the pandemic restrictions. General Government expenses were \$6.9 million higher in 2021 as this included increased costs for ongoing COVID protection measures and \$3.2 million for employee future benefit actuarial valuation expenses.

Under current reporting standards, the City has an annual amortization charge of \$36.8 million (2020 - \$35.4 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 \$83.1 million (2020 - \$71.3 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 \$93.5 million (2020 - \$95.2 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 \$1.7M in the net financial asset position resulted primarily from revenues being in excess of operating expenses by \$43.5 million and amortization of tangible capital assets of \$36.8 million to finance the acquisition of tangible capital assets totaling \$83.1 million. For a more detailed accounting, refer to the Statement of Change in Net Financial Assets on Page 3 of the Consolidated Financial Statements.

The accumulated surplus of \$1,004 million (2020 - \$961.1 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

	2021	2020
	\$	\$
Surplus (Deficit)		
Operating surplus	139,859	62,274
Unexpended financing	9,096,527	9,970,962
	9,236,386	10,033,236
Consolidated Entities		
Peterborough Public Health	173,844	192,508
The Village Business Improvement Area	17,194	17,194
Greater Peterborough Area Economic Development Corporation	145,927	74,958
Peterborough Downtown Business Improvement Area	99,313	94,893
Peterborough Utilities Commission	12,371,236	12,730,316
Peterborough Public Library Board	21,068	-
	12,828,582	13,109,869
Unfunded amounts		
Unfunded employee future benefits	(33,354,018)	(30,287,024)
Unfunded landfill closure and post-closure costs	(19,902,023)	(12,113,962)
Accrued interest on long term debt	(502,911)	(613,150)
	(53,758,952)	(43,014,136)
Equity in GBE	66,270,092	65,363,730
Invested in Capital Assets		
Tangible capital assets - net book value	908,983,400	863,566,784
Short and long term debt	(136,581,176)	(140,978,028)
Unfunded capital	(22,152,441)	(7,306,637)
	750,249,783	715,282,119
Reserve Funds and Reserves		
Discretionary reserve funds	49,646,293	40,495,687
Reserves	170,155,092	159,854,376
	219,801,385	200,350,063
	1,004,627,276	961,124,881

Conclusion

The level of capital spending throughout 2021 remained consistent with prior years at \$83.1 million and is a direct result of the Debt Management and Capital Financing Plan. 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 strive to provide a reasonable level of service to its ratepayers while keeping tax rate increases to a minimum.

At the end of 2021, the City continued to be well positioned financially for the future with the assistance of the pandemic funding. However, as the COVID-19 pandemic continues throughout 2022 the City's operations were impacted.

Submitted by,

Richard Freymond
Treasurer

City of Peterborough

Five-Year Review

(All dollar values in thousands except per capita figures)

	2021	2020	2019	2018	2017
CURRENT PROGRAM ACTIVITY					
Consolidated Revenues					
Taxation	142,427	135,467	132,592	127,599	123,099
Taxation from other governments	3,749	3,748	3,511	3,321	2,946
Fees and service charges	66,197	63,992	76,610	74,265	67,763
Government grants and other Municipalities	128,720	125,304	110,982	109,714	103,032
Development levies	6,549	3,928	5,316	6,887	5,529
Investment and other revenue	28,346	49,254	23,713	18,749	28,706
	375,988	381,693	352,724	340,535	331,075
Expenses	332,485	311,415	321,020	304,298	296,799
Growth in accumulated surplus	43,503	70,278	31,704	36,237	34,276
NET LONG TERM LIABILITIES					
For general municipal activities	98,010	112,625	119,573	134,545	123,875
For municipal enterprises	1,369	1,643	1,917	2,190	2,464
	99,379	114,268	121,490	136,735	126,339
General municipal activities - net long term liabilities as % of CVA	1.0%	1.1%	1.3%	1.5%	1.4%
CURRENT CHARGES FOR NET LONG TERM LIABILITIES					
General municipal activities and for municipal enterprise	27,566	19,273	19,454	18,626	19,621
CURRENT VALUE ASSESSMENT (CVA) - TAXABLE					
Residential and farm	7,630,933	7,587,288	7,310,539	7,007,457	6,717,456
Commercial and industrial	2,202,783	2,226,988	2,155,759	2,030,302	1,937,569
	9,833,716	9,814,276	9,466,298	9,037,759	8,655,025
Percentage increase from previous year	0.20%	3.68%	4.74%	4.42%	4.05%
Commercial / industrial CVA as percentage of total	22.4%	22.7%	22.8%	22.5%	22.4%

City of Peterborough

Five-Year Review

(All dollar values in thousands except per capita figures)

	2021	2020	2019	2018	2017
VALUE OF BUILDING PERMITS ISSUED					
Residential	198,737	84,470	62,537	89,661	78,682
Commercial	28,771	14,842	9,985	23,678	29,716
Industrial	1,140	27,428	8,783	14,744	2,706
Institutional	15,183	26,523	78,009	59,170	38,703
	243,831	153,263	159,314	187,253	149,806
Percentage increase (decrease) from previous year	59.1%	-3.8%	-14.9%	25.0%	3.0%
TAX LEVY AND ARREARS					
Tax levy					
Current year's tax levy - municipal and education combined	169,961	169,074	164,925	159,295	154,736
Percentage increase over previous year	0.5%	2.5%	3.5%	2.9%	1.4%
Tax arrears					
Total arrears (excluding Allowance for Doubtful Accounts)	5,257	5,418	5,122	5,035	4,517
Percentage increase (decrease) over previous year	-3.0%	5.8%	1.7%	11.5%	-10.3%
Tax arrears as a percentage of current tax levy	3.1%	3.2%	3.1%	3.2%	2.9%
POPULATION & SIZE					
Estimated Population (2016 Census)	82,094	82,094	82,094	82,094	82,094
Area in acres	16,639	16,639	16,639	16,639	16,639
PER CAPITA INFORMATION					
CVA - Taxable	119,786	119,549	115,310	110,090	105,428
Expenses	4,050	3,793	3,910	3,707	3,615
Net long-term debt for general municipal activities and municipal enterprise	1,211	1,392	1,480	1,666	1,539
Tax arrears	64	66	62	61	55

City of Peterborough

Five-Year Review

(All dollar values in thousands except per capita figures)

	2021	2020	2019	2018	2017
RATES OF TAXATION					
Municipal tax rates					
Residential	1.2952450%	1.2486790%	1.2497420%	1.2568950%	1.2564280%
Multi-residential	2.5221140%	2.4314400%	2.4335100%	2.4474390%	2.4465290%
New Multi-residential	1.2952450%	1.2486790%	1.2497420%	1.2568950%	1.2564280%
Commercial	1.9428680%	1.8730190%	1.8996390%	1.9356810%	1.9852820%
Commercial Vacant	1.9428680%	1.3111300%	1.3297470%	1.3549770%	1.3896980%
Industrial	1.9428680%	1.9586780%	2.0460780%	2.1440110%	2.2294060%
Industrial Vacant	1.9428680%	1.2731410%	1.3299510%	1.3936070%	1.4491140%
Pipeline	1.6457380%	1.5865720%	1.5879220%	1.5970110%	1.5964170%
Farmlands	0.3238110%	0.3121700%	0.3124360%	0.3142240%	0.3141070%
Education tax rates					
Residential	0.1530000%	0.1530000%	0.1610000%	0.1700000%	0.1790000%
Multi-residential	0.1530000%	0.1530000%	0.1610000%	0.1700000%	0.1790000%
New Multi-residential	0.1530000%	0.1530000%	0.1610000%	0.1700000%	0.1790000%
Commercial	0.8800000%	1.2500000%	1.2900000%	1.3400000%	1.3884420%
Commercial Vacant	0.8800000%	1.2500000%	1.0965000%	0.9380000%	0.9719094%
Industrial	0.8800000%	1.2500000%	1.2900000%	1.3400000%	1.3900000%
Industrial Vacant	0.8800000%	1.2500000%	1.0642500%	0.8710000%	0.9035000%
Pipeline	0.8800000%	0.9800000%	1.0300000%	1.0900000%	1.1400000%
Farmlands	0.0382500%	0.0382500%	0.0402500%	0.0425000%	0.0447500%
Combined municipal and education tax rates					
Residential	1.4482450%	1.4016790%	1.4107420%	1.4268950%	1.4354280%
Multi-residential	2.6751140%	2.5844400%	2.5945100%	2.6174390%	2.6255290%
New Multi-residential	1.4482450%	1.4016790%	1.4107420%	1.4268950%	1.4354280%
Commercial	2.8228680%	3.1230190%	3.1896390%	3.2756810%	3.3737240%
Commercial Vacant	2.8228680%	2.5611300%	2.4262470%	2.2929770%	2.3616074%
Industrial	2.8228680%	3.2086780%	3.3360780%	3.4840110%	3.6194060%
Industrial Vacant	2.8228680%	2.5231410%	2.3942010%	2.2646070%	2.3526140%
Pipeline	2.5257380%	2.5665720%	2.6179220%	2.6870110%	2.7364170%
Farmlands	0.3620610%	0.3504200%	0.3526860%	0.3567240%	0.3588570%

CORPORATION OF THE CITY OF PETERBOROUGH
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

Draft August 26, 2022

CORPORATION OF THE CITY OF PETERBOROUGH
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

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Draft August 26, 2022

CORPORATION OF THE CITY OF PETERBOROUGH

For The Year Ended December 31, 2021

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the City of Peterborough are the responsibility of management and have been approved 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.

The City's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the City's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the City of Peterborough. Council meets periodically with management, as well as the external auditor, 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 financial statements and the independent auditor's 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.

Mayor _____ Date _____

Chief Administrative Officer _____ Date _____

Treasurer _____ Date _____

Draft August 26, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers 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, 2021, 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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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.

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.

Draft August 26, 2022

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.

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- 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.

Chartered Professional Accountants

Licensed Public Accountants

Peterborough, Ontario

September 26, 2022

Draft August 26, 2022

CORPORATION OF THE CITY OF PETERBOROUGH**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****At December 31, 2021**

	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	114,196,502	149,554,203
Taxes receivable (note 4)	1,817,267	2,237,014
Accounts receivable (note 5)	56,695,199	55,432,468
Inventory held for resale	5,997	8,535
Investments (note 6)	136,569,685	91,251,588
Other receivables (note 7)	2,464,293	973,281
Investment in Government Business Enterprise (note 8)	66,270,092	65,363,730
TOTAL FINANCIAL ASSETS	378,019,035	364,820,819
LIABILITIES		
Short term debt (note 9)	24,029,000	12,494,000
Accounts payable and accrued liabilities	46,420,793	56,329,314
Deferred revenue (note 11)	4,697,705	3,113,673
Deferred revenue - obligatory reserve funds (note 12)	40,445,859	23,996,438
Long term debt (note 14)	112,552,176	128,484,028
Solid waste landfill closure and post-closure (note 10)	19,902,023	12,113,962
Employee future benefits (note 13)	36,500,382	33,065,993
TOTAL LIABILITIES	284,547,938	269,597,408
NET FINANCIAL ASSETS	93,471,097	95,223,411
NON-FINANCIAL ASSETS		
Tangible capital assets (note 15)	908,983,400	863,566,784
Prepaid expenses	925,837	1,136,999
Inventory of supplies	1,246,942	1,197,687
TOTAL NON-FINANCIAL ASSETS	911,156,179	865,901,470
ACCUMULATED SURPLUS (note 16)	1,004,627,276	961,124,881

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE CITY OF PETERBOROUGH**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS****For the Year Ended December 31, 2021**

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Property taxation	141,733,648	142,427,432	135,466,507
Taxation from other governments	4,039,029	3,749,018	3,747,862
User fees and service charges	75,612,963	66,196,791	63,991,714
Government grants and other municipalities	112,502,023	128,720,741	125,304,413
Development levies and contributions from developers	7,093,034	6,548,593	3,927,916
Licenses, permits, royalties and rents	4,682,138	4,449,308	4,412,508
Fines and other charges	2,890,000	2,065,209	2,115,459
Penalties and interest on taxes	700,000	838,081	655,890
Investment income	3,755,876	4,425,824	3,499,275
Donations	40,950	1,826,285	568,180
Casino and gaming revenue	1,640,000	1,243,826	854,996
Income from government business enterprise (note 8)	5,208,000	6,114,362	33,705,410
Other	2,055,751	7,382,313	5,080,487
TOTAL REVENUES	361,953,412	375,987,783	383,330,617
EXPENSES			
General government	26,024,487	31,742,918	24,793,545
Protection services	56,343,276	55,503,879	52,845,563
Transportation services	42,352,290	45,356,012	44,912,332
Environmental services	45,742,416	48,876,100	40,459,025
Health services	15,288,380	16,290,142	13,436,572
Social and family services	86,583,780	81,428,942	81,310,717
Social housing	24,563,626	21,667,485	24,012,497
Recreation and cultural services	27,706,291	25,790,883	24,941,833
Planning and development	6,203,205	5,829,027	4,702,758
TOTAL EXPENSES	330,807,751	332,485,388	311,414,842
ANNUAL SURPLUS	<u>31,145,661</u>	43,502,395	71,915,775
ACCUMULATED SURPLUS - beginning of year		961,124,881	889,209,106
ACCUMULATED SURPLUS - end of year		1,004,627,276	961,124,881

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE CITY OF PETERBOROUGH**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS****For the Year Ended December 31, 2021**

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS	31,145,661	43,502,395	71,915,775
Amortization of tangible capital assets	35,466,560	36,756,237	35,384,797
Acquisition of tangible capital assets	(88,211,827)	(83,141,417)	(71,296,348)
Gain on disposal of tangible capital assets	-	(5,204,976)	(1,508,574)
Proceeds on sale of tangible capital assets	-	6,173,540	2,335,482
Land held for sale reclassified to tangible capital assets	-	-	(2,195,570)
Change in prepaid expenses	-	211,162	416,657
Change in inventory of supplies	-	(49,255)	(301,881)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(21,599,606)	(1,752,314)	34,750,338
NET FINANCIAL ASSETS - beginning of year	95,223,411	95,223,411	60,473,073
NET FINANCIAL ASSETS - end of year	73,623,805	93,471,097	95,223,411

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE CITY OF PETERBOROUGH**CONSOLIDATED STATEMENT OF CASH FLOWS****For the Year Ended December 31, 2021**

	2021 \$	2020 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	43,502,395	71,915,775
Items not involving cash		
Amortization of tangible capital assets	36,756,237	35,384,797
Gain on disposal of tangible capital assets	(5,204,976)	(1,508,574)
Income from government business enterprise	(6,114,362)	(33,705,410)
Change in solid waste landfill closure and post-closure	7,788,061	(399,175)
Change in employee future benefits	3,434,389	128,569
Land held for sale reclassified to tangible capital assets	-	(2,195,570)
Change in non-cash assets and liabilities (note 19)	5,955,381	(1,942,890)
Net change in cash from operating activities	86,117,125	67,677,522
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(83,141,417)	(71,296,348)
Proceeds on disposal of tangible capital assets	6,173,540	2,335,482
Net change in cash from capital activities	(76,967,877)	(68,960,866)
INVESTING ACTIVITIES		
Proceeds of portfolio investments	14,162,546	40,554,154
Purchase of portfolio investments	(59,480,643)	(39,705,000)
Dividends received/receivable from GBE	5,208,000	46,064,772
Reduction in share capital on sale of GBE	-	25,839,908
Net change in cash from investing activities	(40,110,097)	72,753,834
FINANCING ACTIVITIES		
Long term debt issued	-	22,491,200
Long term debt principal repayments	(15,931,852)	(15,496,717)
Short term debt issued	11,535,000	7,121,000
Net change in cash from financing activities	(4,396,852)	14,115,483
NET CHANGE IN CASH AND CASH EQUIVALENTS	(35,357,701)	85,585,973
CASH AND CASH EQUIVALENTS - beginning of year	149,554,203	63,968,230
CASH AND CASH EQUIVALENTS - end of year	114,196,502	149,554,203

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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.

(a) 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:

- Peterborough Public Library Board
- Peterborough Downtown Business Improvement Area
- The Village Business Improvement Area
- Peterborough Housing Corporation
- 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 consolidated financial statements. These include:

- Fairhaven 2021 - 66.67% (2020 - 66.67%)
- Peterborough Public Health 2021 - 57% (2020 - 57%)
- Greater Peterborough Area Economic Development Corporation 2021 - 60% (2020 - 60%)
- Peterborough County-City Waste Management Facility 2021 - 50% (2020 - 50%)

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

(b) 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	4-7 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.

(c) Recognition of Revenues 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.

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued**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.

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.

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. (see note 12).

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.

User Fees and Service Charges

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

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CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

(d) 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.

(e) 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.

(f) 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.

(g) 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 Funds Statement of Continuity and Statement of Financial Position.

Draft August 26, 2022

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES, continued**(h) 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.

(i) 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 its financial instruments is not materially different from their carrying value unless otherwise noted.

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.

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.

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, 2021****1. SIGNIFICANT ACCOUNTING POLICIES, continued****(j) 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 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.

2. CASH AND TEMPORARY INVESTMENTS

This figure is comprised of the following:

	2021 \$	2020 \$
Petty cash and cash floats	50,853	55,851
Temporary investments	39,720,038	56,772,082
Unrestricted cash	63,213,931	81,072,489
Restricted cash	11,211,680	11,653,781
	114,196,502	149,554,203

3. TRANSFER TO THE SCHOOL BOARDS

During 2021, the City made property tax transfers to the School Boards. The amounts collected and remitted amounted to \$25,233,004 (2020 - \$29,818,903). These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021****4. TAXES RECEIVABLE**

This figure is comprised of the following:

	2021	2020
	\$	\$
Current year's levies	2,023,583	2,553,410
Previous year's levies	911,617	1,331,983
Prior year's levies	1,317,545	1,273,404
Penalties and interest	1,598,977	911,852
	5,851,722	6,070,649
Allowance for uncollectible taxes	(4,034,455)	(3,833,635)
	1,817,267	2,237,014

5. ACCOUNTS RECEIVABLE

This figure is comprised of the following:

	2021	2020
	\$	\$
Government of Canada	15,572,647	12,424,120
Government of Ontario	12,589,374	4,560,063
Other municipalities and school boards	771,391	3,550,231
User charges and other receivables	27,761,787	34,898,054
	56,695,199	55,432,468

6. INVESTMENTS

The investments have a cost of \$136,569,685 (2020 - \$91,251,588) 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, 2021****7. OTHER RECEIVABLES**

This figure is comprised of the following:

	2021	2020
	\$	\$
Peterborough Lawn Bowling Club	145,000	145,000
Market Hall Performing Arts Incorporated	389,940	389,940
Peterborough Rugby Union Football Club	37,153	78,341
Peterborough Youth Soccer Club	90,000	120,000
Kinsmen Minor Football League Inc.	12,500	15,000
Peterborough Baseball Association	90,000	100,000
Peterborough Recreational Baseball Association	25,000	25,000
Greater Peterborough Innovation Cluster	100,000	100,000
Canadian Canoe Museum	1,574,700	-
	2,464,293	973,281

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 interest rate on the Canadian Canoe Museum loan is fixed at 2%. The remaining loans with a value of \$217,500 (2020 - \$360,000) 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:

- Peterborough Utilities Services Inc.;
- PUG Services Corp.;
- 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.; and
- Peterborough Solar Projects Corporation.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE, continued

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.

For part of 2020, the Company also had a 100% ownership interest in Peterborough Distribution Inc. ("PDI"). PDI was an electricity distribution company, delivering electricity and related services to residential and commercial customers in the City of Peterborough, the Village of Lakefield and the Town of Norwood. During 2020, PUSI and PDI were amalgamated and the Company disposed of substantially all of the amalgamated entities' assets and liabilities, excluding long-term debt and certain lands of the electricity distribution business to Hydro One Inc.

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

	2021	2020
	\$	\$
Investment in shares	34,258,092	34,258,092
Retained earnings		
Beginning balance	31,105,638	43,464,590
Net earnings	6,114,362	33,705,410
Less dividends	(5,208,000)	(46,064,362)
	32,012,000	31,105,638
	66,270,092	65,363,730

The City's investment in Government Business Enterprise, for 2020 in the table above, includes transactions that took place after April 1, 2021 which was the audit reporting date of the City of Peterborough Holdings Inc. 2020 financial statements. As a result, the transactions that took place after April 1, 2021 related to the sale of Peterborough Distribution Inc. to Hydro One Inc are included in the financial information below for the City of Peterborough Holdings Inc. in 2021.

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021****8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE, continued**

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

Financial Position:

	2021 \$	2020 \$
Assets		
Current assets	39,300,000	48,675,000
Capital and intangible assets	163,838,000	169,578,000
Deferred tax assets	4,134,000	4,488,000
Total Assets	207,272,000	222,741,000
Liabilities		
Current liabilities	12,976,000	16,933,000
Other long term liabilities	109,217,000	116,612,000
Deferred tax liabilities	18,809,000	17,963,000
Total Liabilities	141,002,000	151,508,000
Shareholder's Equity		
Share capital	34,258,000	37,081,000
Accumulated other comprehensive loss	(2,309,000)	(2,309,000)
Retained earnings	34,321,000	36,461,000
Total Shareholder's Equity	66,270,000	71,233,000
Total Liabilities and Shareholder's Equity	207,272,000	222,741,000

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021****8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE, continued****Results of Operations:**

	2021 \$	2020 \$
Revenues	46,939,000	45,085,000
Discontinued revenue	-	69,911,000
Total revenue	-	114,996,000
Expenses	39,456,000	39,029,000
Discontinued expenses	-	68,749,000
Total expenses	39,456,000	107,778,000
Net Income continuing operations	7,483,000	6,056,000
Net Income discontinued operations	-	1,162,000
Total net Income before provision for corporate income taxes and disposition of assets	7,483,000	7,218,000
Net gain on disposition of assets	-	32,824,000
Provision for corporate income taxes	1,924,000	5,524,000
Income of government business enterprise	5,559,000	34,518,000

During the year the City received dividends of \$7,699,367 (2020 - \$43,018,000). \$2,491,367 of the dividends received in 2021 (2020 - \$40,156,362) related directly to the sale of assets of Peterborough Distribution Inc. to Hydro One.

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%. During 2019, 2020 and 2021, the City of Peterborough obtained additional short term advances from Infrastructure Ontario at a variable interest rate. The balance outstanding as at December 31, 2021 is \$18,929,000 (2020 - \$7,394,000). The short term debt also includes \$5,100,000 (2020 - \$5,100,000) that Peterborough Housing Corporation borrowed from The Township of Havelock-Belmont-Methuen at an annual interest rate of 2.24%.

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
For the Year Ended December 31, 2021

10. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE

The solid waste landfill closure and post closure liability of \$19,902,023 (2020 - \$12,113,962) 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 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, 2021 is \$20,574,060 (2020 - \$12,945,740). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2% (2020 - 2.25%), discounted at a rate of 5% (2020 - 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, 2021 is 100% (2020 - 100%) and at the NFA is 72% (2020 - 65%).

The net present value of estimated closure and post closure costs for the Harper Road closed landfill site as at December 31, 2021 is \$7,450,500 (2020 - \$4,530,630). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2% (2020 - 2.25%), discounted at a rate of 5% (2020 - 5%). Estimated utilization of existing site capacity at December 31, 2021 is 100% (2020 - 100%).

The net present value of estimated closure and post closure costs for the Nelson closed landfill site as at December 31, 2021 is \$6,629,990 (2020 - \$2,009,080). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2% (2020 - 2.25%), discounted at a rate of 5% (2020 - 5%). Estimated utilization of existing site capacity at December 31, 2021 is 100% (2020 - 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, 2021****11. DEFERRED REVENUE**

This figure is comprised of the following:

	2021	2020
	\$	\$
Rents, user fees and service charges	1,782,328	1,575,155
Tickets, events and site deposits	1,436,198	661,651
Government funding	1,479,179	876,867
	4,697,705	3,113,673

12. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the City are summarized below:

	2021	2020
	\$	\$
Development charges	26,602,274	15,900,903
Parkland fees and subdivider contributions	928,024	844,006
Building code	669,606	445,941
Building Canada Fund	11,478,124	5,051,054
Provincial gasoline tax	767,831	528,991
Other obligatory funds	-	1,225,543
	40,445,859	23,996,438

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021****12. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS, continued**

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2021 \$	2020 \$
Balance - beginning of year	23,996,438	27,068,824
Add amounts received:		
Development charges received	12,455,240	5,828,985
Parkland fees and subdivider contributions received	3,801,528	221,420
Building code permits received	2,227,529	1,744,099
Provincial gasoline tax received	1,915,137	1,913,863
Building Canada Fund received	10,081,002	4,916,411
Other obligatory funds received	5,975,162	8,002,182
Investment income	136,142	209,845
	36,591,740	22,836,805
Less transfer to operations:		
Development charges earned	5,319,889	3,826,323
Parkland fees and subdivider contributions earned	194,700	46,410
Building code permits earned	2,003,864	2,081,638
Provincial and Federal gasoline tax earned	5,404,852	12,588,866
Other obligatory funds earned	7,219,014	7,365,954
	20,142,319	25,909,191
Balance - end of year	40,445,859	23,996,438

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

13. EMPLOYEE FUTURE 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:

	2021 \$	2020 \$
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	34,167,919	32,485,485
Actuarial loss (gain) due to updated valuation	14,343,300	(350,133)
Current period benefit expense	5,099,251	3,059,430
Plan Amendment (WSIB income top-up benefit, 2020 - healthcare spending account)	1,102,200	781,000
Interest	1,290,359	1,056,858
Benefit payments	(3,601,468)	(2,864,721)
Accrued benefit obligation, end of year	52,401,561	34,167,919
Unamortized actuarial loss	(15,901,179)	(1,101,926)
Employee future benefits, end of year	36,500,382	33,065,993

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 for the discount rate, inflation rate and salary increases. The following represents the more significant assumptions made:

	Benefits Payable for Early Retirees	Life Insurance	Worker's Compensation	Sick Leave
Inflation rate	2.7%	2.7%	2.7%	2.7%
Level of salary increases	3.5%	3.5%	3.5%	3.5%
Interest discount rate	2.6%	2.6%	2.6%	2.6%

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, 2021****13. EMPLOYEE FUTURE BENEFITS, continued****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, 2021, with projections for 2022 and 2023.

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, 2021, with projections for 2022 and 2023.

Vacation Pay Entitlements

Vacation pay entitlements are based on employees' years of service. Current obligations total \$3,858,093 (2020 - \$3,547,432) of which \$3,146,313 (2020 - \$2,778,969) 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 1.23% to 5.14% (2020 - 1.86% to 6.25%).

- (a) Future year's repayment obligations to be recovered from general revenues are comprised of the following:

	Total \$
2022 to 2026	66,301,433
2027 to 2031	34,216,662
2032 and subsequent years	12,034,081
	<u>112,552,176</u>

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021****14. LONG TERM DEBT, continued**

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 \$3,580,784 (2020 - \$3,905,805).

15. TANGIBLE CAPITAL ASSETS

The net book value of the City's tangible capital assets are:

	2021 \$	2020 \$
General		
Land and land improvements	123,219,996	126,583,642
Buildings and leaseholds	163,961,476	163,015,660
Machinery and equipment	19,440,609	20,158,921
Vehicles	25,787,825	20,535,685
Books and materials	1,142,132	1,454,021
Infrastructure		
Land and land improvements	26,355,642	26,380,490
Buildings	26,166,183	27,084,116
Machinery and equipment	116,398	144,032
Roadways and sidewalks	174,269,463	153,291,361
Storm sewer system	65,534,424	62,896,127
Wastewater system	77,451,943	77,624,737
Water system	87,454,524	86,281,439
	790,900,615	765,450,231
Assets under construction	118,082,785	98,116,553
	908,983,400	863,566,784

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

During 2021, there was \$5,204,976 representing gain on sale of assets (2020 gain - \$1,508,574). No interest was capitalized in 2021 (2020 - \$Nil). Assets contributed to the City in 2021 were capitalized at their fair value on the date of acquisition and amounted to \$Nil (2020 - \$Nil).

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
For the Year Ended December 31, 2021**15. TANGIBLE CAPITAL ASSETS, continued**

Tangible capital assets allocated by segment are as follows:

	2021 \$	2020 \$
General government	55,052,763	55,985,315
Protection services	15,040,395	14,948,607
Transportation services	324,035,592	295,260,910
Environmental services	300,892,962	298,245,119
Health services	4,932,950	4,933,374
Social and Family services	7,358,098	7,064,534
Social housing	71,241,880	59,468,781
Recreation and cultural services	89,970,622	92,862,393
Planning and development	40,458,138	36,797,751
	908,983,400	865,566,784

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021****16. ACCUMULATED SURPLUS**

This figure is comprised of the following:

	2021 \$	2020 \$
Surplus/(Deficit)		
Operating surplus	118,574	62,274
Unexpended financing	9,117,812	9,970,962
	9,236,386	10,033,236
Consolidated Entities		
Peterborough Public Health	173,844	192,508
The Village Business Improvement Area	17,194	17,194
Greater Peterborough Area Economic Development Corporation	145,927	74,958
Peterborough Downtown Business Improvement Area	99,313	94,893
Peterborough Utilities Commission	12,371,236	12,730,316
Peterborough Public Library Board	21,068	-
	12,828,582	13,109,869
Unfunded amounts		
Unfunded employee future benefits	(33,354,018)	(30,287,024)
Unfunded landfill closure and post-closure costs	(19,902,023)	(12,113,962)
Accrued interest on long term debt	(502,911)	(613,150)
	(53,758,952)	(43,014,136)
Equity in GBE	66,270,092	65,363,730
Invested In Capital Assets		
Tangible capital assets - net book value	908,983,400	863,566,784
Short and long term debt	(136,581,176)	(140,978,028)
Unfunded capital	(22,152,441)	(7,306,637)
	750,249,783	715,282,119
Reserve Funds and Reserves		
Discretionary reserve funds	49,646,293	40,495,687
Reserves	170,155,092	159,854,376
	219,801,385	200,350,063
	1,004,627,276	961,124,881

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
For the Year Ended December 31, 2021**17. EXPENSES BY OBJECT**

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

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
Salaries and benefits	131,407,929	134,993,048	124,718,745
Interest charges	3,414,383	3,580,784	3,905,805
Materials	46,318,811	45,469,525	36,680,193
Contracted services	52,550,232	53,506,017	53,711,884
Rents and financial	2,338,448	1,993,894	1,703,696
External transfers	59,311,388	56,185,883	55,309,722
Amortization	35,466,560	36,756,237	35,384,797
	330,807,751	332,485,388	311,414,842

18. 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, 2021****18. PARTNERSHIPS WITH THE COUNTY OF PETERBOROUGH, continued****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:

	2021		2020	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Financial assets	6,224,459	4,149,660	4,720,036	3,146,706
Liabilities	4,506,572	3,004,396	5,064,599	3,376,416
Net financial assets/(debt)	1,717,887	1,145,264	(344,563)	(229,710)
Non-financial assets	9,949,568	6,633,078	9,969,412	6,646,308
Accumulated surplus	11,667,455	7,778,342	9,624,849	6,416,598

Results of Operations:

	2021		2020	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Revenues	26,864,415	17,909,700	26,993,916	17,996,034
Expenses	24,821,809	16,547,955	24,987,930	16,658,703
Annual surplus	2,042,606	1,361,745	2,005,986	1,337,331

Fairhaven incurred long-term debt as a result of a mandated rebuild by the Ministry of Health and Long-Term Care. Fairhaven financed 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. 2021 was the final year of contributions from the City for this debt.

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
For the Year Ended December 31, 2021**18. PARTNERSHIPS WITH THE COUNTY OF PETERBOROUGH, continued****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:

	2021		2020	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Financial assets	5,030,581	2,867,431	4,415,601	2,516,893
Liabilities	5,958,411	3,396,294	5,632,270	3,210,394
Net debt	(927,830)	(528,863)	(1,216,669)	(693,501)
Non-financial assets	8,656,500	4,934,205	8,670,433	4,942,147
Accumulated surplus	7,728,670	4,934,205	7,453,764	4,248,646

Results of Operations:

	2021		2020	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Revenues	18,665,615	10,639,401	13,560,077	7,729,244
Expenses	18,390,709	10,482,704	13,516,757	7,704,551
Annual surplus	274,906	156,697	43,320	24,693

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021****18. PARTNERSHIPS WITH THE COUNTY OF PETERBOROUGH, continued****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:

	2021		2020	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Financial assets	821,440	492,864	671,683	403,010
Liabilities	213,918	128,351	477,581	286,549
Net financial assets	607,522	364,513	194,102	116,461
Non-financial assets	105,074	63,044	122,396	73,438
Accumulated surplus	712,596	427,557	316,498	189,899

Results of Operations:

	2021		2020	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Revenues	3,188,209	1,912,925	2,405,146	1,443,088
Expenses	2,792,111	1,675,267	2,453,283	1,471,970
Annual surplus/(deficit)	396,098	237,658	(48,137)	(28,882)

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021****18. PARTNERSHIPS WITH THE COUNTY OF PETERBOROUGH, continued****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 \$(532,016) (2020 - \$125,801).

Results of Operations:

	2021		2020	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Revenues	4,819,414	2,409,707	3,405,626	1,702,813
Expenses	4,049,221	2,024,611	3,864,180	1,932,090
Net revenue/(expense)	770,193	385,096	(458,554)	(229,277)

19. CHANGE IN NON-CASH ASSETS AND LIABILITIES

The change in non-cash assets and liabilities is comprised of the following:

	2021	2020
	\$	\$
Taxes receivable	419,747	272,276
Accounts receivable	(1,262,731)	(15,597,642)
Inventory held for resale	2,538	2,958,975
Other receivables	(1,491,012)	29,420
Prepaid expenses	211,162	416,657
Inventory of supplies	(49,255)	(301,881)
Accounts payable and accrued liabilities	(9,908,521)	14,227,196
Deferred revenue	1,584,032	(875,505)
Deferred revenue - obligatory reserve funds	16,449,421	(3,072,386)
	5,955,381	(1,942,890)

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021****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 2021 Annual Report disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets of \$117,665 million indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the City does not recognize any share of the OMERS pension surplus or deficit.

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 2021, the current service cost amounted to \$10,384,070 (2020 - \$9,667,827).

21. MUNICIPAL CHILD CARE GRANTS AND SUBSIDIES

The City of Peterborough provides child care services at four locations within the City: Peterborough Child Care, Pearson Child Care, and the Before and After School Programs located at Edmison Heights 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	Safe Restart	Other	Total
Peterborough Child Care	182,566	135,301	34,149	23,762	375,778
Pearson Child Care	181,254	140,672	30,942	19,991	372,859
School Age Programs	22,659	65,696	16,331	10,521	115,207
	386,479	341,669	81,422	54,274	863,844

22. TRUST FUNDS

Trust funds administered by the City amounting to \$328,152 (2020 - \$329,411) 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 City for the benefit of others, they are not presented as part of the City's financial position or operations.

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021****23. BUDGET FIGURES**

The budget, approved by the City, for 2021 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

24. LEASE COMMITMENTS

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

	Total \$
2022	2,837,539
2023	2,837,539
2024	2,837,539
2025	2,837,539
2026	472,923
	11,823,079
Total minimum lease payments	11,823,079
Less: payments assumed by sub-lessee	(11,823,079)
	-

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

The City in turn has an agreement to sublease the premises to General Motors Financial of Canada, Ltd (formerly known as Americredit Financial Services of Canada Ltd.), the terms of which expire July 30, 2026. Although there are provisions in the sublease agreement to terminate the lease prior to this date, the above table assumes that the sublease will continue to July 30, 2026. It is the City's expectation that the sublease will remain in place for the duration of the 25 years.

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

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.

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.

Draft August 26, 2022

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021**

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.

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, 2021 is \$1,885,057 (2020 - \$2,234,895).

30. PROVINCIAL OFFENCES OFFICES

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.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

30. PROVINCIAL OFFENCES OFFICES, continued

The Provincial Offences Office net revenues are jointly shared by the County of Peterborough and the City of Peterborough based on weighted assessments. During 2021, the proportion based on weighted assessment for the City was 55.1% (2020 - 45.2%).

	2021		2020	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Revenues	1,371,495	755,694	1,500,530	678,240
Expenses	1,122,417	618,452	1,090,683	492,989
Net revenues	249,078	137,242	409,847	185,251

Included in the Consolidated Statement of Financial Position is an amount due from/(to) the County of Peterborough of \$242,047 (2020 - \$315,142).

31. SEGMENTED 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 segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers 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.

CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2021**

31. SEGMENTED INFORMATION, continued

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.

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. The Peterborough Utilities Commission provides water treatment and distribution services.

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.

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CORPORATION OF THE CITY OF PETERBOROUGH**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
For the Year Ended December 31, 2021

31. SEGMENTED INFORMATION, continued**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.

33. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the City's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the City's operations. The extent of the impact of this outbreak and related containment measures on the City's operations cannot be reliably estimated at this time.

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Appendix C
CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2021

	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Other Adjustments	Closing Balance	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General											
Land and land improvements	169,074,507	456,960	331,224	-	169,200,243	42,490,865	3,489,382	-	45,980,247	123,219,996	126,583,642
Buildings and leaseholds	305,964,576	1,802,508	792,801	7,490,810	314,465,093	142,948,916	7,874,069	319,368	150,503,617	163,961,476	163,015,660
Machinery and equipment	47,236,200	3,122,467	-	-	50,358,667	27,077,279	3,840,779	-	30,918,058	19,440,609	20,158,921
Vehicles	48,577,732	8,333,972	344,275	-	56,567,429	28,042,047	3,018,773	281,216	30,779,604	25,787,825	20,535,685
Books and materials	3,111,911	128,435	476,610	-	2,763,736	1,657,890	440,324	476,610	1,621,604	1,142,132	1,454,021
	573,964,926	13,844,342	1,944,910	7,490,810	593,355,168	242,216,997	18,663,327	1,077,194	259,803,130	333,552,038	331,747,929
Infrastructure											
Land and land improvements	26,616,545	-	-	-	26,616,545	236,055	24,848	-	260,903	26,355,642	26,380,490
Buildings	58,715,439	388,691	-	-	59,104,130	31,631,323	1,306,624	-	32,937,947	26,166,183	27,084,116
Machinery and vehicles	2,118,198	-	58,107	-	2,060,091	1,974,166	27,634	58,107	1,943,693	116,398	144,032
Roadways and sidewalks	282,554,312	28,788,071	2,155,835	-	309,186,548	129,262,951	7,718,881	2,064,747	134,917,085	174,269,463	153,291,361
Storm sewer system	89,582,875	4,004,815	26,742	-	93,560,948	26,686,748	1,356,792	17,016	28,026,524	65,534,424	62,896,127
Wastewater system	122,902,946	2,797,499	2,405	-	125,698,040	45,278,209	2,970,259	2,371	48,246,097	77,451,943	77,624,737
Water system	183,134,239	5,860,957	-	-	188,995,196	96,852,800	4,687,872	-	101,540,672	87,454,524	86,281,439
	765,624,554	41,840,033	2,243,089	-	805,221,498	331,922,252	18,092,910	2,142,241	347,872,921	457,348,577	433,702,302
Assets under construction	98,116,553	27,457,042	-	(7,490,810)	118,082,785	-	-	-	-	118,082,785	98,116,553
Total	1,437,706,033	83,141,417	4,187,999	-	1,516,659,451	574,139,249	36,756,237	3,219,435	607,676,051	908,983,400	863,566,784

Draft August 26, 2022

Appendix C
CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Electric Utility \$	Consolidated \$
Revenues											
Property taxation	17,322,132	47,145,005	28,432,598	7,205,162	6,493,952	9,065,375	4,918,333	16,296,762	5,548,113	-	142,427,432
Taxation from other governments	455,959	1,240,965	748,411	189,656	170,936	238,622	129,462	428,968	146,039	-	3,749,018
User fees and service charges	1,099,810	1,250,889	4,692,693	42,861,968	333,041	5,261,635	7,636,784	2,588,589	471,382	-	66,196,791
Government grants and other municipalities	2,025,162	5,511,745	26,659,646	618,647	9,490,471	70,094,695	10,361,741	1,764,111	2,194,523	-	128,720,741
Development levies and contributions from developers	1,612,442	96,975	2,450,648	1,345,335	-	-	144,672	863,103	35,418	-	6,548,593
Licenses, permits, royalties and rents	1,069,758	2,037,174	672,675	186,607	-	-	-	483,094	-	-	4,449,308
Fines and other charges	-	1,357,788	702,933	-	-	-	-	4,488	-	-	2,065,209
Penalties and interest on taxes	838,081	-	-	-	-	-	-	-	-	-	838,081
Investment income	453,472	1,234,977	800,472	353,849	183,036	293,217	370,798	590,760	145,243	-	4,425,824
Donations	-	-	1,320,064	-	-	1,234	-	504,983	4	-	1,826,285
Casino and gaming revenue	1,243,826	-	-	-	-	-	-	-	-	-	1,243,826
Income from government business enterprise	-	-	-	-	-	-	-	-	-	6,114,362	6,114,362
Other	776,908	(302,992)	319,789	962,790	41,283	-	3,702,826	78,743	1,802,966	-	7,382,313
Total revenues	26,897,550	59,572,526	66,799,929	53,724,014	16,712,719	84,954,778	27,264,616	23,603,601	10,343,688	6,114,362	375,987,783
Expenses											
Salaries and benefits	12,041,159	47,481,533	21,152,445	5,597,045	8,256,645	23,888,061	2,924,911	9,501,132	4,150,117	-	134,993,048
Interest charges	60,482	45,752	1,500,082	736,143	56,433	26,869	432,707	697,550	24,766	-	3,580,784
Materials	2,763,283	4,547,911	8,662,072	12,312,576	1,127,238	3,747,914	7,844,667	3,762,982	700,882	-	45,469,525
Contracted services	7,635,393	1,531,232	5,477,390	17,327,024	6,044,714	3,101,229	7,555,608	3,715,986	1,117,441	-	53,506,017
Rents and financial	20,023	102,100	62,885	667,039	19,485	773,714	130,763	208,458	9,427	-	1,993,894
External transfers	906,519	1,493,148	-	-	655,097	47,767,711	1,711,828	2,594,947	1,056,633	-	56,185,883
Amortization	2,667,386	1,522,908	13,720,815	11,497,696	130,530	750,106	1,590,616	4,817,030	59,150	-	36,756,237
Internal transfers	5,648,673	(1,220,705)	(5,219,677)	738,577	-	1,373,338	(523,615)	492,798	(1,289,389)	-	-
Total expenses	31,742,918	55,503,879	45,356,012	48,876,100	16,290,142	81,428,942	21,667,485	25,790,883	5,829,027	-	332,485,388
Net surplus/(deficit)	(4,845,368)	4,068,647	21,443,917	4,847,914	422,577	3,525,836	5,597,131	(2,187,282)	4,514,661	6,114,362	43,502,395

Draft August 26, 2022

Appendix C
CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Electric Utility \$	Consolidated \$
Revenues											
Property taxation	16,486,274	44,839,414	27,039,115	6,854,605	6,177,273	8,615,670	4,673,594	15,497,368	5,283,194	-	135,466,507
Taxation from other governments	456,115	1,240,542	748,073	189,642	170,903	238,364	129,301	428,755	146,167	-	3,747,862
User fees and service charges	848,556	1,165,538	4,137,873	39,514,297	297,007	4,981,375	7,249,709	5,540,907	256,452	-	63,991,714
Government grants and other municipalities	4,642,177	4,340,852	17,384,748	3,738,274	6,580,340	71,297,342	14,564,938	1,933,922	821,820	-	125,304,413
Development levies and contributions from developers	1,052,886	25,916	1,458,999	631,930	-	-	-	751,251	6,934	-	3,927,916
Licenses, permits, royalties and rents	921,811	2,114,860	716,774	169,153	-	-	-	489,910	-	-	4,412,508
Fines and other charges	-	1,500,530	596,396	-	-	-	-	18,533	-	-	2,115,459
Penalties and interest on taxes	655,890	-	-	-	-	-	-	-	-	-	655,890
Investment income	340,419	927,555	621,181	320,891	150,044	239,328	274,254	516,507	109,096	-	3,499,275
Donations	500	35,000	120,000	-	-	57,039	-	355,287	354	-	568,180
Casino and gaming revenue	854,996	-	-	-	-	-	-	-	-	-	854,996
Income from government business enterprise	-	-	-	-	-	-	-	-	-	33,705,410	33,705,410
Other	759,331	161,913	493,375	709,138	66,626	-	1,922,182	757,117	210,805	-	5,080,487
Total revenues	27,018,955	56,352,120	53,316,534	52,127,930	13,442,193	85,429,118	28,813,978	26,289,557	6,834,822	33,705,410	383,330,617
Expenses											
Salaries and benefits	6,542,414	45,058,413	20,556,154	5,643,859	6,250,225	24,320,603	3,221,760	9,221,878	3,903,439	-	124,718,745
Interest charges	58,600	59,195	1,622,511	686,224	58,501	122,879	512,916	756,930	28,049	-	3,905,805
Materials	2,670,673	3,547,265	9,587,916	4,449,108	984,482	3,053,097	6,651,893	3,963,178	1,772,581	-	36,680,193
Contracted services	7,757,057	1,099,575	4,688,135	16,450,026	5,332,064	2,952,053	11,015,380	3,388,292	1,029,302	-	53,711,884
Rents and financial	17,054	90,637	28,668	589,174	14	750,891	63,161	154,899	9,198	-	1,703,696
External transfers	361,985	1,530,450	98	23,605	663,892	48,006,293	2,055,173	2,105,813	562,413	-	55,309,722
Amortization	2,236,356	1,568,457	12,846,012	11,549,807	147,394	667,458	1,300,555	5,012,455	56,303	-	35,384,797
Internal transfers	5,149,406	(108,429)	(4,417,162)	1,067,222	-	1,437,443	(808,341)	338,388	(2,658,527)	-	-
Total expenses	24,793,545	52,845,563	44,912,332	40,459,025	13,436,572	81,310,717	24,012,497	24,941,833	4,702,758	-	311,414,842
Net surplus	2,225,410	3,506,557	8,404,202	11,668,905	5,621	4,118,401	4,801,481	1,347,724	2,132,064	33,705,410	71,915,775

Draft August 26, 2022

INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers
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, 2021, 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, 2021, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

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' 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.

Draft August 26, 2022

Those charged with governance are responsible for overseeing the Trust Funds' 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' 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' 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.

Draft August 26, 2022

Appendix C

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

Chartered Professional Accountants

Licensed Public Accountants

Peterborough, Ontario

September 26, 2022

Draft August 26, 2022

Appendix C
CORPORATION OF THE CITY OF PETERBOROUGH

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2021

	City Parks \$	Special Holdings \$	Safety Patrol \$	Cenotaph \$	Library \$	Morrow Park \$	Parks Hancock \$	Parks Tollington Endowment \$	Residents' Personal \$	Fairhaven Special Purpose \$	2021 Total \$	2020 Total \$
FINANCIAL ASSETS												
Cash	131,337	20,272	35,444	2,618	20,701	7,193	36,024	11,433	69,865	-	334,887	328,851
Due from Fairhaven	-	-	-	-	-	-	-	-	-	-	-	906
	131,337	20,272	35,444	2,618	20,701	7,193	36,024	11,433	69,865	-	334,887	329,757
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accounts payable	-	-	-	249	304	-	-	-	-	-	553	346
Due to revenue fund/Fairhaven	-	-	-	-	-	-	-	-	6,182	-	6,182	-
	-	-	-	249	304	-	-	-	6,182	-	6,735	346
FUND BALANCES	131,337	20,272	35,444	2,369	20,397	7,193	36,024	11,433	63,683	-	328,152	329,411
	131,337	20,272	35,444	2,618	20,701	7,193	36,024	11,433	69,865	-	334,887	329,757

Draft August 26, 2022

Appendix C
CORPORATION OF THE CITY OF PETERBOROUGH

TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2021

	City Parks	Special Holdings	Safety Patrol	Cenotaph	Library	Morrow Park	Parks Hancock	Parks Tollington Endowment	Residents' Personal	Fairhaven Special Purpose	2021 Total	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCES - beginning of year	130,428	20,132	35,199	2,577	20,347	7,143	35,775	11,356	66,454	-	329,411	452,164
RECEIPTS												
Deposits and grants	-	-	-	-	-	-	-	-	60,989	-	60,989	44,806
Transfer to Fairhaven	-	-	-	-	-	-	-	-	25,571	-	25,571	22,746
Interest Income	909	140	245	16	143	50	249	77	-	-	1,829	3,307
	909	140	245	16	143	50	249	77	86,560	-	88,389	70,859
EXPENSES												
Transfer to operations	-	-	-	224	93	-	-	-	-	-	317	3,930
Withdrawals, purchases	-	-	-	-	-	-	-	-	78,283	-	78,283	178,103
Resident maintenance	-	-	-	-	-	-	-	-	9,683	-	9,683	10,341
Donations	-	-	-	-	-	-	-	-	1,365	-	1,365	1,238
	-	-	-	224	93	-	-	-	89,331	-	89,648	193,612
BALANCES - end of year	131,337	20,272	35,444	2,369	20,397	7,193	36,024	11,433	63,683	-	328,152	329,411

Draft August 26, 2022

CORPORATION OF THE CITY OF PETERBOROUGH

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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).

(a) 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:

- Peterborough Public Library Board
- Fairhaven

(b) Basis of Accounting

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

(c) Financial Instruments

The Trust Funds financial instruments consist of cash, due from Fairhaven, accounts payable and due to revenue fund/Fairhaven. It is management's opinion that the fair value of the financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, currency or interest rate risk.

(d) 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 revenue and expenses during the year. Actual results could differ from those estimates.

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