



City of  
**Peterborough**

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**To: Members of the Finance Committee**

**From: Richard Freymond, Commissioner, Corporate and Legislative Services**

**Meeting Date: August 14, 2023**

**Subject: Treasurer's Report, 2022 Consolidated Financial Report, 2022 Trust Funds Financial Statement and Five-Year Review, Report CLSFS23-035**

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## **Purpose**

A report to recommend the Treasurer's Report, 2022 Consolidated Financial Report, the 2022 Trust Funds Financial Statement, and Five-Year Review be received, that underlying accounting policies be approved, and the 2022 Financial Report be received and submitted to the Province of Ontario.

## **Recommendations**

That Council approve the recommendations outlined in Report CLSFS23-035 dated August 14, 2023, of the Commissioner of Corporate and Legislative Services as follows:

- a) That Report CLSFS23-035, Treasurer's Report, 2022 Consolidated Financial Report, the 2022 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, 2022 Consolidated Financial Report and 2022 Trust Funds Financial Statement as received, be submitted to the Province of Ontario.

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## 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, Corporate and Legislative Services

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### Attachments:

Appendix A – Treasurer's Report on the 2022 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

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August 14, 2023

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

## **Treasurer's Report on the 2022 Financial Statements for the Corporation of the City of Peterborough**

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### **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, 2022. 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 2022 Capital and Operating Budget on December 13, 2021.

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

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

## **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**

During 2022 City operations continued to be impacted by provincial lockdowns and restrictions as City facilities, programs and services were reopened and resumed normal operations. Some areas of City operations, such as Transit and Recreation, have not returned to pre-pandemic levels of usage by the public. This is reflected in the revenues and expenditures of the consolidated financial statements for the year ended December 31, 2022.

## **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 2022, the City recorded consolidated revenues of \$379 million (2021 - \$376 million).

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

**Chart 2 - Consolidated Revenues**

	2022		2021		Variance Increase (Decrease)
	\$	%	\$	%	\$
Property taxation	148,125,168	39.0%	142,427,432	38.4%	5,697,736
Taxation from other governments	3,815,842	1.0%	3,749,018	1.0%	66,824
User fees and service charges	73,198,653	19.3%	66,196,791	17.9%	7,001,862
Government grants and other municipalities	121,408,396	32.0%	128,720,741	34.7%	(7,312,345)
Development levies and contributions from developers	6,770,920	1.8%	6,548,593	1.8%	222,327
Licenses, permits, royalties and rents	5,130,188	1.4%	4,449,308	1.2%	680,880
Fines and other charges	2,380,660	0.6%	2,065,209	0.6%	315,451
Penalties and interest on taxes	789,256	0.2%	838,081	0.2%	(48,825)
Investment income	5,927,133	1.6%	4,425,824	1.2%	1,501,309
Donations and contributed tangible capital assets	376,767	0.1%	1,826,285	0.5%	(1,449,518)
Casino and gaming revenue	2,655,458	0.7%	1,243,826	0.3%	1,411,632
Income from government business enterprise	5,216,000	1.4%	6,114,362	1.6%	(898,362)
Other	3,580,081	0.9%	2,177,337	0.6%	1,402,744
<b>Total Consolidated Revenues</b>	<b>379,374,522</b>	<b>100.0%</b>	<b>370,782,807</b>	<b>100.0%</b>	<b>8,591,715</b>

Revenues increased \$8.59 million due to several factors:

- The net property taxation levy was \$5.7 million higher than the previous year. The approved tax increase was 2.87% which equated to \$5.4 million. In-year assessment changes by MPAC resulting in increased supplementary assessment changes and write-offs netted to an additional \$0.3 million.
- User fees and service charges increased by \$7 million over the previous year as many City facilities and programs resumed normal operations in 2022 after being closed or restricted during 2021 due to the pandemic.
- Government grants decreased by \$7.3 million due to the reduction in funding received from the Province due to the pandemic for lost revenues and increased COVID-related costs.

- Investment income increased by \$1.5 million as market interest rates increased throughout 2022.
- Donations and contributed tangible capital assets decreased by \$1.4 million as 2021 included a significant tangible capital asset that was assumed by the City for \$1.3 million as a one-time transaction that did not occur in 2022.
- Casino Gaming Revenue increased by \$1.4 million as the casino operations returned to normal operations after being restricted due to the pandemic.
- Other revenue was \$1.4 million higher as 2021 included a significant loss on disposal of tangible capital assets that did not occur in 2022.

Consolidated expenses totaled \$358.7 million (2021 - \$327.3 million).

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

### Chart 3 - Consolidated Expenses

	2022		2021		Variance Increase (Decrease)
	\$	%	\$	%	\$
General government	37,786,668	10.5%	31,742,918	9.7%	6,043,750
Protection services	58,316,000	16.3%	55,418,122	16.9%	2,897,878
Transportation services	51,638,838	14.4%	45,242,238	13.8%	6,396,600
Environmental services	43,180,062	12.0%	48,885,860	14.9%	(5,705,798)
Health services	16,396,510	4.6%	16,290,142	5.0%	106,368
Social and family services	88,191,339	24.6%	81,428,942	24.9%	6,762,397
Social housing	27,026,789	7.5%	18,305,295	5.6%	8,721,494
Recreation and cultural services	29,181,872	8.1%	25,790,883	7.9%	3,390,989
Planning and development	6,980,068	2.0%	4,176,012	1.3%	2,804,056
<b>Total Consolidated Expenses</b>	<b>358,698,146</b>	<b>100.0%</b>	<b>327,280,412</b>	<b>100.0%</b>	<b>31,417,734</b>

Total operating expenses increased by \$31 million, mainly due to resuming operations, programs and services in many divisions that were closed during 2021 due to the pandemic closures and restrictions. There were also significant increases in many operational costs during 2022 as a result of rising inflation, especially for fuel, parts and supplies for fleet. General Government expenses in 2022 included \$3.4 in costs related

to the May 2022 windstorm. The Environmental Services expenses decreased \$5.7 million as 2021 included an adjustment in the valuation of the Landfill Post Closure Liability of \$6 million higher than the adjustment required in 2022.

Under current reporting standards, the City has an annual amortization charge of \$38 million (2021 - \$36.8 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 \$89.8 million (2021 - \$83.1 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 \$62.3 million (2021 - \$93.5 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 \$31.2 million in the net financial asset position resulted primarily from revenues being in excess of operating expenses by \$20.7 million and amortization of tangible capital assets of \$38 million to finance the acquisition of tangible capital assets totaling \$89.8 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 \$1,025 million (2021 - \$1,004 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**

	2022	2021
	\$	\$
<b>Surplus (Deficit)</b>		
Operating surplus	102,406	118,574
Unexpended financing	7,273,357	9,117,812
	7,375,763	9,236,386
<b>Consolidated Entities</b>		
Peterborough Public Health	138,598	173,844
The Village Business Improvement Area	(202)	17,194
Greater Peterborough Area Economic Development Corporation	-	145,927
Peterborough Downtown Business Improvement Area	181,960	99,313
Peterborough Utilities Commission	16,300,379	12,371,236
Fairhaven	8,056	-
	16,628,791	12,807,514
<b>Unfunded amounts</b>		
Unfunded employee future benefits	(38,403,419)	(33,354,018)
Unfunded landfill closure and post-closure costs	(20,726,360)	(19,902,023)
Accrued interest on long term debt	(914,511)	(502,911)
	(60,044,290)	(53,758,952)
<b>Equity in GBE</b>	66,174,092	66,270,092
<b>Invested in Capital Assets</b>		
Tangible capital assets - net book value	959,536,224	908,983,400
Short and long term debt	(149,598,411)	(136,581,176)
Unfunded capital	(32,576,745)	(22,152,441)
	777,361,068	750,249,783
<b>Reserve Funds and Reserves</b>		
Discretionary reserve funds	52,670,663	48,868,255
Reserves	165,137,565	170,954,198
	217,808,228	219,822,453
	1,025,303,652	1,004,627,276

**Conclusion**

The level of capital spending throughout 2022 remained consistent with prior years at \$89.8 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.

The City of Peterborough continues to aim for balance between levels of service to residents and the affordability of property taxes for ratepayers. At the end of 2022, the City was well positioned financially for the future as operations returned to normal throughout 2022 after the impacts of the pandemic.

Submitted by,

Richard Freymond  
Treasurer

# City of Peterborough

## Five-Year Review

(All dollar values in thousands except per capita figures)

	2022	2021	2020	2019	2018
<b>CURRENT PROGRAM ACTIVITY</b>					
<b>Consolidated Revenues</b>					
Taxation	148,125	142,427	135,467	132,592	127,599
Taxation from other governments	3,816	3,749	3,748	3,511	3,321
Fees and service charges	73,199	66,197	63,992	76,610	74,265
Government grants and other Municipalities	121,408	128,720	125,304	110,982	109,714
Development levies	6,771	6,549	3,928	5,316	6,887
Investment and other revenue	26,056	23,141	49,254	23,713	18,749
	379,375	370,783	381,693	352,724	340,535
<b>Expenses</b>	358,698	327,280	311,415	321,020	304,298
<b>Growth in accumulated surplus</b>	20,677	43,503	70,278	31,704	36,237
<b>NET LONG TERM LIABILITIES</b>					
For general municipal activities	111,854	98,010	112,625	119,573	134,545
For municipal enterprises	1,195	1,369	1,643	1,917	2,190
	113,049	99,379	114,268	121,490	136,735
General municipal activities - net long term liabilities as % of CVA	1.1%	1.0%	1.2%	1.3%	1.5%
<b>CURRENT CHARGES FOR NET LONG TERM LIABILITIES</b>					
General municipal activities and for municipal enterprise	17,204	27,566	19,273	19,454	18,626
<b>CURRENT VALUE ASSESSMENT (CVA) - TAXABLE</b>					
Residential and farm	8,382,924	8,309,232	8,353,183	7,986,800	7,667,093
Commercial and industrial	1,364,251	1,380,464	1,392,953	1,382,328	1,280,505
	9,747,175	9,689,696	9,746,136	9,369,128	8,947,598
Percentage increase from previous year	0.59%	-0.58%	4.02%	4.71%	4.14%
Commercial / industrial CVA as percentage of total	14.0%	14.2%	14.3%	14.8%	14.3%

# City of Peterborough

## Five-Year Review

(All dollar values in thousands except per capita figures)

	2022	2021	2020	2019	2018
<b>VALUE OF BUILDING PERMITS ISSUED</b>					
Residential	123,470	198,736	84,470	62,537	89,661
Commercial	14,386	14,842	14,842	9,985	23,678
Industrial	40	27,428	27,428	8,783	14,744
Institutional	74,000	26,522	26,523	78,009	59,170
	211,896	267,528	153,263	159,314	187,253
Percentage increase (decrease) from previous year	-20.8%	74.6%	-3.8%	-14.9%	25.0%
<b>TAX LEVY AND ARREARS</b>					
<b>Tax levy</b>					
Current year's tax levy - municipal and education combined	172,383	167,001	167,125	165,084	159,474
Percentage increase over previous year	3.2%	-0.1%	1.2%	3.5%	2.8%
<b>Tax arrears</b>					
Total arrears (excluding Allowance for Doubtful Accounts)	1,139	3,226	4,531	4,221	4,354
Percentage increase (decrease) over previous year	-64.7%	-28.8%	7.3%	-3.1%	-3.7%
Tax arrears as a percentage of current tax levy	0.7%	1.9%	2.7%	2.6%	2.7%
<b>POPULATION &amp; SIZE</b>					
Estimated Population (2021 Census)	83,651	82,094	82,094	82,094	82,094
Area in acres	16,639	16,639	16,639	16,639	16,639
<b>PER CAPITA INFORMATION</b>					
CVA - Taxable	116,522	118,032	118,719	114,127	108,992
Expenses	4,288	3,987	3,793	3,910	3,707
Net long-term debt for general municipal activities and municipal enterprise	1,351	1,211	1,392	1,480	1,666
Tax arrears	14	39	55	51	53

# City of Peterborough

## Five-Year Review

(All dollar values in thousands except per capita figures)

	2022	2021	2020	2019	2018
<b>RATES OF TAXATION</b>					
<b>Municipal tax rates</b>					
Residential	1.3384440%	1.2952450%	1.2486790%	1.2497420%	1.2568950%
Multi-residential	2.6062320%	2.5221140%	2.4314400%	2.4335100%	2.4474390%
New Multi-residential	1.3384440%	1.2952450%	1.2486790%	1.2497420%	1.2568950%
Commercial	2.0076660%	1.9428680%	1.8730190%	1.8996390%	1.9356810%
Commercial Vacant	2.0076660%	1.9428680%	1.3111300%	1.3297470%	1.3549770%
Industrial	2.0076660%	1.9428680%	1.9586780%	2.0460780%	2.1440110%
Industrial Vacant	2.0076660%	1.9428680%	1.2731410%	1.3299510%	1.3936070%
Pipeline	1.7006270%	1.6457380%	1.5865720%	1.5879220%	1.5970110%
Farmlands	0.3346110%	0.3238110%	0.3121700%	0.3124360%	0.3142240%
<b>Education tax rates</b>					
Residential	0.1530000%	0.1530000%	0.1530000%	0.1610000%	0.1700000%
Multi-residential	0.1530000%	0.1530000%	0.1530000%	0.1610000%	0.1700000%
New Multi-residential	0.1530000%	0.1530000%	0.1530000%	0.1610000%	0.1700000%
Commercial	0.8800000%	0.8800000%	1.2500000%	1.2900000%	1.3400000%
Commercial Vacant	0.8800000%	0.8800000%	1.2500000%	1.0965000%	0.9380000%
Industrial	0.8800000%	0.8800000%	1.2500000%	1.2900000%	1.3400000%
Industrial Vacant	0.8800000%	0.8800000%	1.2500000%	1.0642500%	0.8710000%
Pipeline	0.8800000%	0.8800000%	0.9800000%	1.0300000%	1.0900000%
Farmlands	0.0382500%	0.0382500%	0.0382500%	0.0402500%	0.0425000%
<b>Combined municipal and education tax rates</b>					
Residential	1.4914440%	1.4482450%	1.4016790%	1.4107420%	1.4268950%
Multi-residential	2.7592320%	2.6751140%	2.5844400%	2.5945100%	2.6174390%
New Multi-residential	1.4914440%	1.4482450%	1.4016790%	1.4107420%	1.4268950%
Commercial	2.8876660%	2.8228680%	3.1230190%	3.1896390%	3.2756810%
Commercial Vacant	2.8876660%	2.8228680%	2.5611300%	2.4262470%	2.2929770%
Industrial	2.8876660%	2.8228680%	3.2086780%	3.3360780%	3.4840110%
Industrial Vacant	2.8876660%	2.8228680%	2.5231410%	2.3942010%	2.2646070%
Pipeline	2.5806270%	2.5257380%	2.5665720%	2.6179220%	2.6870110%
Farmlands	0.3728610%	0.3620610%	0.3504200%	0.3526860%	0.3567240%

**CORPORATION OF THE CITY OF PETERBOROUGH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

*Draft July 24, 2023*

**CORPORATION OF THE CITY OF PETERBOROUGH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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*Draft July 24, 2023*

# CORPORATION OF THE CITY OF PETERBOROUGH

For The Year Ended December 31, 2022

## 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 July 24, 2023*



## **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, 2022, 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, 2022, 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 July 24, 2023*

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.

*Draft July 24, 2023*

## Appendix C

- 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  
August 28, 2023

*Draft July 24, 2023*

**CORPORATION OF THE CITY OF PETERBOROUGH****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At December 31, 2022

	2022	2021
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	99,401,024	114,196,502
Taxes receivable (note 3)	2,491,019	1,817,267
Accounts receivable (note 4)	60,637,952	56,695,199
Inventory held for resale	15,357	5,997
Investments (note 5)	158,881,795	136,569,685
Other receivables (note 6)	2,394,640	2,464,293
Investment in Government Business Enterprise (note 10)	66,174,092	66,270,092
<b>TOTAL FINANCIAL ASSETS</b>	<b>389,995,879</b>	<b>378,019,035</b>
<b>LIABILITIES</b>		
Short term debt (note 7)	24,433,000	24,029,000
Accounts payable and accrued liabilities	56,006,216	46,420,793
Deferred revenue (note 8)	15,874,540	4,697,705
Deferred revenue - obligatory reserve funds (note 11)	43,869,594	40,445,859
Long term debt (note 12)	125,165,411	112,552,176
Solid waste landfill closure and post-closure (note 13)	20,726,360	19,902,023
Employee future benefits (note 15)	41,653,144	36,500,382
<b>TOTAL LIABILITIES</b>	<b>327,728,265</b>	<b>284,547,938</b>
<b>NET FINANCIAL ASSETS</b>	<b>62,267,614</b>	<b>93,471,097</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 14)	959,536,224	908,983,400
Prepaid expenses	2,005,330	925,837
Inventory of supplies	1,494,484	1,246,942
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>963,036,038</b>	<b>911,156,179</b>
<b>ACCUMULATED SURPLUS (note 16)</b>	<b>1,025,303,652</b>	<b>1,004,627,276</b>

The accompanying notes are an integral part of these financial statements

Draft July 24, 2023

**CORPORATION OF THE CITY OF PETERBOROUGH****CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**For the Year Ended December 31, 2022**

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
<b>REVENUES</b>			
Property taxation	147,265,322	148,125,168	142,427,432
Taxation from other governments	4,160,200	3,815,842	3,749,018
User fees and service charges	78,873,276	73,198,653	66,196,791
Government grants and other municipalities	107,117,406	121,408,396	128,720,741
Development levies and contributions from developers	6,153,767	6,770,920	6,548,593
Licenses, permits, royalties and rents	4,905,063	5,130,188	4,449,308
Fines and other charges	2,570,000	2,380,660	2,065,209
Penalties and interest on taxes	725,000	789,256	838,081
Investment income	3,831,512	5,927,133	4,425,824
Donations	163,650	376,767	1,826,285
Casino and gaming revenue	2,400,000	2,655,458	1,243,826
Income from government business enterprise (note 10)	5,208,000	5,216,000	6,114,362
Other	2,193,917	3,580,081	2,177,337
<b>TOTAL REVENUES</b>	<b>365,567,113</b>	<b>379,374,522</b>	<b>370,782,807</b>
<b>EXPENSES</b>			
General government	28,739,959	37,786,668	31,742,918
Protection services	58,842,259	58,316,000	55,418,122
Transportation services	46,856,321	51,638,838	45,242,238
Environmental services	47,876,702	43,180,062	48,885,860
Health services	17,844,079	16,396,510	16,290,142
Social and family services	85,794,081	88,191,339	81,428,942
Social housing	27,760,611	27,026,789	18,305,295
Recreation and cultural services	29,560,932	29,181,872	25,790,883
Planning and development	6,898,616	6,980,068	4,176,012
<b>TOTAL EXPENSES</b>	<b>350,173,560</b>	<b>358,698,146</b>	<b>327,280,412</b>
<b>ANNUAL SURPLUS</b>	<b><u>15,393,553</u></b>	<b>20,676,376</b>	<b>43,502,395</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>1,004,627,276</b>	<b>961,124,881</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>1,025,303,652</b>	<b>1,004,627,276</b>

Draft July 24, 2023

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, 2022**

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
<b>ANNUAL SURPLUS</b>	15,393,553	20,676,376	43,502,395
Amortization of tangible capital assets	37,766,068	38,043,262	36,756,237
Acquisition of tangible capital assets	(91,546,432)	(89,812,020)	(83,141,417)
Loss/(gain) on disposal of tangible capital assets	-	42,278	(5,204,976)
Proceeds on sale of tangible capital assets	1,000,000	1,173,656	6,173,540
Change in prepaid expenses	-	(1,079,493)	211,162
Change in inventory of supplies	-	(247,542)	(49,255)
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(37,386,811)</b>	<b>(31,203,483)</b>	<b>(1,752,314)</b>
<b>NET FINANCIAL ASSETS - beginning of year</b>	<b>93,471,097</b>	<b>93,471,097</b>	<b>95,223,411</b>
<b>NET FINANCIAL ASSETS - end of year</b>	<b>56,084,286</b>	<b>62,267,614</b>	<b>93,471,097</b>

Draft July 24, 2023

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*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE CITY OF PETERBOROUGH****CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	20,676,376	43,502,395
Items not involving cash		
Amortization of tangible capital assets	38,043,262	36,756,237
Loss/(gain) on disposal of tangible capital assets	42,278	(5,204,976)
Income from government business enterprise	(5,216,000)	(6,114,362)
Change in solid waste landfill closure and post-closure	824,337	7,788,061
Change in employee future benefits	5,152,762	3,434,389
Change in non-cash assets and liabilities (note 19)	18,302,746	5,955,381
<b>Net change in cash from operating activities</b>	<b>77,825,761</b>	<b>86,117,125</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(89,812,020)	(83,141,417)
Proceeds on disposal of tangible capital assets	1,173,656	6,173,540
<b>Net change in cash from capital activities</b>	<b>(88,638,364)</b>	<b>(76,967,877)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds of portfolio investments	43,765,009	14,162,546
Purchase of portfolio investments	(66,077,119)	(59,480,643)
Dividends received/receivable from GBE	5,312,000	5,208,000
<b>Net change in cash from investing activities</b>	<b>(17,000,110)</b>	<b>(40,110,097)</b>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	28,345,911	-
Long term debt principal repayments	(15,732,676)	(15,931,852)
Short term debt issued	5,504,000	11,535,000
Short term debt principal repayments	(5,100,000)	-
<b>Net change in cash from financing activities</b>	<b>13,017,235</b>	<b>(4,396,852)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(14,795,478)</b>	<b>(35,357,701)</b>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<b>114,196,502</b>	<b>149,554,203</b>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<b>99,401,024</b>	<b>114,196,502</b>

The accompanying notes are an integral part of these financial statements

Draft July 24, 2023

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2022**

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 2022 - 66.67% (2021 - 66.67%)
- Peterborough Public Health 2022 - 57% (2021 - 57%)
- Greater Peterborough Area Economic Development Corporation 2022 - Nil% (2021 - 60%)
- Peterborough County-City Waste Management Facility 2022 - 50% (2021 - 50%)

*Draft July 24, 2023*



**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2022****1. SIGNIFICANT ACCOUNTING POLICIES, continued**

The Greater Peterborough Area Economic Development Corporation was not considered to be a local board of the City for 2022 and as such has not been included in the consolidated financial statements.

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.

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (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.

#### 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 11).

*Draft July 24, 2023*

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### 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.

#### 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 July 24, 2023*

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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### 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.

*Draft July 24, 2023*

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2022

**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:

	2022	2021
	\$	\$
Petty cash and cash floats	54,114	50,853
Temporary investments	29,664,646	39,720,038
Unrestricted cash	57,231,999	63,213,931
Restricted cash	12,450,265	11,211,680
	<b>99,401,024</b>	<b>114,196,502</b>

**3. TAXES RECEIVABLE**

This figure is comprised of the following:

	2022	2021
	\$	\$
Current year's levies	947,210	2,023,583
Previous year's levies	925,325	911,617
Prior year's levies	1,420,954	1,317,545
Penalties and interest	1,734,089	1,598,977
	<b>5,027,578</b>	<b>5,851,722</b>
Allowance for uncollectible taxes	<b>(2,536,559)</b>	<b>(4,034,455)</b>
	<b>2,491,019</b>	<b>1,817,267</b>

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2022

**4. ACCOUNTS RECEIVABLE**

This figure is comprised of the following:

	2022	2021
	\$	\$
Government of Canada	13,352,966	15,572,647
Government of Ontario	8,060,322	12,589,374
Other municipalities and school boards	696,436	771,391
User charges and other receivables	38,528,228	27,761,787
	<u>60,637,952</u>	<u>56,695,199</u>

**5. INVESTMENTS**

The investments have a cost of \$158,881,795 (2021 - \$136,569,685) 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. The investments have a market value of \$147,791,798 (2021 - \$135,004,594).

**6. OTHER RECEIVABLES**

This figure is comprised of the following:

	2022	2021
	\$	\$
Peterborough Lawn Bowling Club	145,000	145,000
Market Hall Performing Arts Incorporated	389,940	389,940
Peterborough Rugby Union Football Club	-	37,153
Peterborough Youth Soccer Club	60,000	90,000
Kinsmen Minor Football League Inc.	10,000	12,500
Peterborough Baseball Association	90,000	90,000
Peterborough Recreational Baseball Association	25,000	25,000
Greater Peterborough Innovation Cluster	100,000	100,000
Canadian Canoe Museum	1,574,700	1,574,700
	<u>2,394,640</u>	<u>2,464,293</u>

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 \$285,000 (2021 - \$317,500) approved by Council to qualifying community groups have been made on an interest free basis.

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2022****7. SHORT TERM DEBT**

In 2017, the City of Peterborough obtained a short term advance from Infrastructure Ontario at a variable interest rate, which ranged from 0.69% to 4.41% throughout 2022. 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, 2022 is \$24,433,000 (2021 - \$18,929,000). The short term debt also includes \$Nil (2021 - \$5,100,000) that Peterborough Housing Corporation borrowed from The Township of Havelock-Belmont-Methuen at an annual interest rate of 2.24%.

**8. DEFERRED REVENUE**

This figure is comprised of the following:

	2022	2021
	\$	\$
Rents, user fees and service charges	5,423,023	1,782,328
Tickets, events and site deposits	977,282	1,436,198
Government funding	9,474,235	1,479,179
	<b>15,874,540</b>	<b>4,697,705</b>

**9. TRANSFER TO THE SCHOOL BOARDS**

During 2022, the City made property tax transfers to the School Boards. The amounts collected and remitted amounted to \$25,384,963 (2021 - \$25,233,004). 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, 2022

**10. 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.

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.

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

	2022	2021
	\$	\$
Investment in shares	34,258,092	34,258,092
<b>Retained earnings</b>		
Beginning balance	32,012,000	31,105,638
Net earnings	5,216,000	6,114,362
Less dividends	(5,312,000)	(5,208,000)
	31,916,000	32,012,000
	66,174,092	66,270,092



**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2022

**10. 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:**

	2022	2021
	\$	\$
<b>Assets</b>		
Current assets	38,083,000	39,300,000
Capital and intangible assets	156,860,000	163,838,000
Deferred tax assets	4,221,000	4,134,000
<b>Total Assets</b>	<b>199,164,000</b>	<b>207,272,000</b>
<b>Liabilities</b>		
Current liabilities	13,552,000	12,976,000
Other long term liabilities	101,997,000	109,217,000
Deferred tax liabilities	19,241,000	18,809,000
<b>Total Liabilities</b>	<b>134,790,000</b>	<b>141,002,000</b>
<b>Shareholder's Equity</b>		
Share capital	34,258,000	34,258,000
Accumulated other comprehensive loss	(2,309,000)	(2,309,000)
Retained earnings	32,425,000	34,321,000
<b>Total Shareholder's Equity</b>	<b>64,374,000</b>	<b>66,270,000</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>199,164,000</b>	<b>207,272,000</b>

**Results of Operations:**

	2022	2021
	\$	\$
Revenues	44,930,000	46,939,000
Expenses	37,272,000	39,456,000
Total net Income before provision for corporate income taxes	7,658,000	7,483,000
Provision for corporate income taxes	1,887,000	1,924,000
<b>Income of government business enterprise</b>	<b>5,771,000</b>	<b>5,559,000</b>

During the year the City received dividends of \$5,312,000 (2021 - \$7,699,367).

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2022****11. 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:

	2022	2021
	\$	\$
Development charges	28,082,068	26,602,274
Parkland fees and subdivider contributions	1,041,029	928,024
Building code	623,501	669,606
Canada Community-Building Fund	13,293,261	11,478,124
Provincial gasoline tax	829,735	767,831
	<b>43,869,594</b>	<b>40,445,859</b>

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

	2022	2021
	\$	\$
Balance - beginning of year	40,445,859	23,996,438
Add amounts received:		
Development charges	6,825,247	12,455,240
Parkland fees and subdivider contributions	85,886	3,801,528
Building code permits	2,194,087	2,227,529
Canada Community-Building Fund	5,139,885	10,081,002
Provincial gasoline tax	1,848,974	1,915,137
Other obligatory funds	2,270,473	5,975,162
Investment income	1,015,213	136,142
	<b>19,379,765</b>	<b>36,591,740</b>
Less transfer to operations:		
Development charges earned	5,968,570	5,319,889
Parkland fees and subdivider contributions earned	-	194,700
Building code permits earned	2,240,192	2,003,864
Canada Community-Building Fund earned	3,686,795	3,724,852
Provincial gasoline tax earned	1,790,000	1,680,000
Other obligatory funds earned	2,270,473	7,219,014
	<b>15,956,030</b>	<b>20,142,319</b>
Balance - end of year	<b>43,869,594</b>	<b>40,445,859</b>

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2022****12. 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 5.46% (2021 - 1.23% to 5.46%).

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

	Principal \$	Interest \$	Total \$
2023 to 2027	67,961,708	14,494,649	82,456,357
2028 to 2032	41,891,863	9,914,341	51,806,204
2033 and subsequent years	15,311,840	11,275,452	26,587,292
	125,165,411	35,684,442	160,849,853

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 \$3,777,641 (2021 - \$3,580,784).

Draft July 24, 2023

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2022**

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**13. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE**

The solid waste landfill closure and post closure liability of \$20,726,360 (2021 - \$19,902,023) 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, 2022 is \$6,668,310 (2021 - \$6,513,570). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2021 - 2.00%), discounted at a rate of 5% (2021 - 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, 2022 is 100% (2021 - 100%) and at the NFA is 78% (2021 - 72%).

The net present value of estimated closure and post closure costs for the Harper Road closed landfill site as at December 31, 2022 is \$7,656,520 (2021 - \$7,450,500). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2021 - 2.00%), discounted at a rate of 5% (2021 - 5%). Utilization of existing site capacity at December 31, 2022 is 100% (2021 - 100%).

The net present value of estimated closure and post closure costs for the Nelson closed landfill site as at December 31, 2022 is \$7,118,960 (2021 - \$6,629,990). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2021 - 2.00%), discounted at a rate of 5% (2021 - 5%). Utilization of existing site capacity at December 31, 2022 is 100% (2021 - 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

*Draft July 24, 2023*

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2022

**14. TANGIBLE CAPITAL ASSETS**

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

	2022	2021
	\$	\$
General		
Land and land improvements	124,272,079	123,219,996
Buildings and leaseholds	165,073,458	163,961,476
Machinery and equipment	22,655,029	19,440,609
Vehicles	25,716,967	25,787,825
Books and materials	1,005,898	1,142,132
Infrastructure		
Land and land improvements	26,330,794	26,355,642
Buildings	25,920,775	26,166,183
Machinery and equipment	260,909	116,398
Roadways and sidewalks	178,234,807	174,269,463
Storm sewer system	69,431,307	65,534,424
Wastewater system	77,677,601	77,451,943
Water system	86,456,917	87,454,524
	803,036,541	790,900,615
Assets under construction	156,499,683	118,082,785
	959,536,224	908,983,400

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

During 2022, there was \$42,278 representing loss on sale of assets (2021 gain - \$5,204,976). Interest of \$386,391 was capitalized in 2022 (2021 - \$47,033). Assets contributed to the City in 2022 were capitalized at their fair value on the date of acquisition and amounted to \$Nil (2021 - \$Nil).

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2022

**14. TANGIBLE CAPITAL ASSETS, continued**

Tangible capital assets allocated by segment are as follows:

	2022	2021
	\$	\$
General government	57,464,010	55,052,763
Protection services	17,865,153	15,040,395
Transportation services	345,802,988	324,035,592
Environmental services	306,564,814	300,892,962
Health services	4,802,420	4,932,950
Social and Family services	7,044,436	7,358,098
Social housing	80,748,792	71,241,880
Recreation and cultural services	94,601,091	89,970,622
Planning and development	44,642,520	40,458,138
	<b>959,536,224</b>	<b>908,983,400</b>

**15. 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:

	2022	2021
	\$	\$
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	52,401,558	34,167,919
Actuarial loss (gain) due to updated valuation	-	14,343,300
Current period benefit expense	5,338,981	5,099,251
Plan Amendment (WSIB income top-up benefit, 2020 - healthcare spending account)	943,138	1,102,200
Interest	1,348,531	1,290,359
Benefit payments	(3,913,929)	(3,601,468)
Accrued benefit obligation, end of year	56,118,279	52,401,561
Unamortized actuarial gain (loss)	(14,465,135)	(15,901,179)
<b>Employee future benefits, end of year</b>	<b>41,653,144</b>	<b>36,500,382</b>

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2022

**15. EMPLOYEE FUTURE BENEFITS, continued**

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.

**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 \$3,972,621 (2021 - \$3,858,093) of which \$3,249,725 (2021 - \$3,146,313) does not need to be recovered in future periods or has been funded in the current or previous periods.

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2022

**16. ACCUMULATED SURPLUS**

This figure is comprised of the following:

	2022	2021
	\$	\$
<b>Surplus/(Deficit)</b>		
Operating surplus	102,406	118,574
Unexpended financing	7,273,357	9,117,812
	<b>7,375,763</b>	<b>9,236,386</b>
<b>Consolidated Entities</b>		
Peterborough Public Health	138,598	173,844
The Village Business Improvement Area	(202)	17,194
Greater Peterborough Area Economic Development Corporation	-	145,927
Peterborough Downtown Business Improvement Area	181,960	99,313
Peterborough Utilities Commission	16,300,379	12,371,236
Fairhaven	8,056	-
	<b>16,628,791</b>	<b>12,807,514</b>
<b>Unfunded amounts</b>		
Unfunded employee future benefits	(38,403,419)	(33,354,018)
Unfunded landfill closure and post-closure costs	(20,726,360)	(19,902,023)
Accrued interest on long term debt	(914,511)	(502,911)
	<b>(60,044,290)</b>	<b>(53,758,952)</b>
<b>Equity in GBE</b>	<b>66,174,092</b>	<b>66,270,092</b>
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	959,536,224	908,983,400
Short and long term debt	(149,598,411)	(136,581,176)
Unfunded capital	(32,576,745)	(22,152,441)
	<b>777,361,068</b>	<b>750,249,783</b>
<b>Reserve Funds and Reserves</b>		
Discretionary reserve funds	52,670,663	48,868,255
Reserves	165,137,565	170,954,198
	<b>217,808,228</b>	<b>219,822,453</b>
	<b>1,025,303,652</b>	<b>1,004,627,276</b>



**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2022

**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 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	138,972,838	146,240,489	134,993,048
Interest charges	2,910,136	3,777,641	3,580,784
Materials	43,220,688	41,318,859	45,469,525
Contracted services	63,509,945	62,644,391	53,506,017
Rents and financial	2,401,555	2,232,132	1,993,894
External transfers	61,392,330	64,399,094	56,185,883
Amortization	37,766,068	38,043,262	36,756,237
Loss (gain) on disposal of TCA	-	42,278	(5,204,976)
	350,173,560	358,698,146	327,280,412

**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, 2022

**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:

	2022		2021	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	8,934,563	5,956,405	6,224,459	4,149,660
Liabilities	6,499,507	4,333,026	4,506,572	3,004,396
Net financial assets	2,435,056	1,623,379	1,717,887	1,145,264
Non-financial assets	9,535,084	6,356,754	9,949,568	6,633,078
Accumulated surplus	11,970,140	7,980,133	11,667,455	7,778,342

Results of Operations:

	2022		2021	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	31,232,724	20,821,920	26,864,415	17,909,700
Expenses	30,930,039	20,620,129	24,821,809	16,547,955
Annual surplus	302,685	201,791	2,042,606	1,361,745

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, 2022

**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:

	2022		2021	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	5,309,632	3,026,490	5,030,581	2,867,431
Liabilities	5,970,197	3,403,012	5,958,411	3,396,294
Net debt	(660,565)	(376,522)	(927,830)	(528,863)
Non-financial assets	8,427,500	4,803,675	8,656,500	4,934,205
Accumulated surplus	7,766,935	4,803,675	7,728,670	4,405,342

Results of Operations:

	2022		2021	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	17,493,888	9,971,516	18,665,615	10,639,401
Expenses	17,455,623	9,949,705	18,390,709	10,482,704
Annual surplus	38,265	21,811	274,906	156,697

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2022

**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 \$(63,600) (2021 - \$(532,016)).

Results of Operations:

	2022		2021	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	3,720,913	1,860,457	4,819,414	2,409,707
Expenses	4,142,835	2,071,418	4,049,221	2,024,611
Net revenue/(expense)	(421,922)	(210,961)	770,193	385,096

**19. CHANGE IN NON-CASH ASSETS AND LIABILITIES**

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

	2022 \$	2021 \$
Taxes receivable	(673,752)	419,747
Accounts receivable	(3,942,753)	(1,262,731)
Inventory held for resale	(9,360)	2,538
Other receivables	69,653	(1,491,012)
Prepaid expenses	(1,079,493)	211,162
Inventory of supplies	(247,542)	(49,255)
Accounts payable and accrued liabilities	9,585,423	(9,908,521)
Deferred revenue	11,176,835	1,584,032
Deferred revenue - obligatory reserve funds	3,423,735	16,449,421
	18,302,746	5,955,381

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2022

**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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022, the current service cost amounted to \$9,807,512 (2021 - \$10,384,070).

**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	180,729	128,945	63,109	11,067	383,850
Pearson Child Care	209,404	138,788	50,534	-	398,726
School Age Programs	71,127	63,330	54,526	-	188,983
	461,260	331,063	168,169	11,067	971,559

**22. TRUST FUNDS**

Trust funds administered by the City amounting to \$352,226 (2021 - \$328,152) 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, 2022****23. BUDGET FIGURES**

The budget, approved by the City, for 2022 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 \$
2023	2,837,539
2024	2,837,539
2025	2,837,539
2026	2,837,539
2027	472,922
	11,823,078
Total minimum lease payments	11,823,078
Less: payments assumed by sub-lessee	(11,823,078)
	-

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, 2022

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### 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 July 24, 2023*

**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2022**

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**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, 2022 is \$1,524,325 (2021 - \$1,885,057).

**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.

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*Draft July 24, 2023*



**CORPORATION OF THE CITY OF PETERBOROUGH****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the Year Ended December 31, 2022****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 2022, the proportion based on weighted assessment for the City was 44.5% (2021 - 44.9%).

	2022		2021	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	1,732,241	770,847	1,371,495	615,801
Expenses	1,295,276	576,398	1,122,417	503,965
Net revenues	436,965	194,449	249,078	111,836

Included in the Consolidated Statement of Financial Position is an amount due from/(to) the County of Peterborough of \$(8,047) (2021 - \$242,047).

**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, 2022

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### 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.

*Draft July 24, 2023*

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 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.

*Draft July 24, 2023*

Appendix C  
**CORPORATION OF THE CITY OF PETERBOROUGH**

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**For the Year Ended December 31, 2022**

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals, Write-	Closing Balance	2022	2021
							offs & Other			
	\$	\$	\$	\$	\$	\$	Adjustments	\$	\$	\$
<b>General</b>										
Land and land improvements	169,200,243	4,662,420	130,059	173,732,604	45,980,247	3,497,386	17,108	49,460,525	124,272,079	123,219,996
Buildings and leaseholds	314,465,093	9,954,161	1,971,321	322,447,933	150,503,617	7,995,204	1,124,346	157,374,475	165,073,458	163,961,476
Machinery and equipment	50,358,667	7,204,660	96,004	57,467,323	30,918,058	3,939,861	45,625	34,812,294	22,655,029	19,440,609
Vehicles	56,567,429	3,330,968	468,524	59,429,873	30,779,604	3,345,966	412,664	33,712,906	25,716,967	25,787,825
Books and materials	2,763,736	265,984	-	3,029,720	1,621,604	402,218	-	2,023,822	1,005,898	1,142,132
	593,355,168	25,418,193	2,665,908	616,107,453	259,803,130	19,180,635	1,599,743	277,384,022	338,723,431	333,552,038
<b>Infrastructure</b>										
Land and land improvements	26,616,545	-	-	26,616,545	260,903	24,848	-	285,751	26,330,794	26,355,642
Buildings	59,104,130	1,041,087	-	60,145,217	32,937,947	1,286,495	-	34,224,442	25,920,775	26,166,183
Machinery and vehicles	2,060,091	166,681	429,864	1,796,908	1,943,693	22,170	429,864	1,535,999	260,909	116,398
Roadways and sidewalks	309,186,548	12,403,482	1,751,253	319,838,777	134,917,085	8,382,755	1,695,870	141,603,970	178,234,807	174,269,463
Storm sewer system	93,560,948	5,384,359	111,149	98,834,158	28,026,524	1,431,028	54,701	29,402,851	69,431,307	65,534,424
Wastewater system	125,698,040	3,256,314	85,979	128,868,375	48,246,097	2,992,718	48,041	51,190,774	77,677,601	77,451,943
Water system	188,995,196	3,725,006	-	192,720,202	101,540,672	4,722,613	-	106,263,285	86,456,917	87,454,524
	805,221,498	25,976,929	2,378,245	828,820,182	347,872,921	18,862,627	2,228,476	364,507,072	464,313,110	457,348,577
<b>Assets under construction</b>	118,082,785	38,416,898	-	156,499,683	-	-	-	-	156,499,683	118,082,785
<b>Total</b>	1,516,659,451	89,812,020	5,044,153	1,601,427,318	607,676,051	38,043,262	3,828,219	641,891,094	959,536,224	908,983,400

Appendix C  
**CORPORATION OF THE CITY OF PETERBOROUGH**

**CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE**  
**For the Year Ended December 31, 2022**

	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 \$
<b>Revenues</b>											
Property taxation	18,015,096	49,031,016	29,570,029	7,493,401	6,753,739	9,428,031	5,115,088	16,948,705	5,770,063	-	148,125,168
Taxation from other governments	464,086	1,263,085	761,751	193,037	173,983	242,875	131,769	436,614	148,642	-	3,815,842
User fees and service charges	1,343,064	1,474,556	5,975,791	43,192,163	348,376	5,579,271	7,942,634	7,097,459	245,339	-	73,198,653
Government grants and other municipalities	27,224	6,190,083	9,648,109	3,015,759	8,759,931	75,268,819	15,768,908	1,854,563	875,000	-	121,408,396
Development levies and contributions from developers	1,444,093	59,449	3,498,879	1,101,783	-	-	138,238	524,585	3,893	-	6,770,920
Licenses, permits, royalties and rents	1,118,847	2,332,789	665,900	179,964	-	-	-	813,738	18,950	-	5,130,188
Fines and other charges	-	1,720,279	658,764	-	-	-	-	1,617	-	-	2,380,660
Penalties and interest on taxes	789,256	-	-	-	-	-	-	-	-	-	789,256
Investment income	580,190	1,583,759	997,407	862,270	275,736	401,479	358,418	682,044	185,830	-	5,927,133
Donations	121	-	50	-	-	-	-	359,096	17,500	-	376,767
Casino and gaming revenue	2,655,458	-	-	-	-	-	-	-	-	-	2,655,458
Income from government business enterprise	-	-	-	-	-	-	-	-	-	5,216,000	5,216,000
Other	1,536,154	39,344	(57)	1,269,976	46,627	-	350,483	190,491	147,063	-	3,580,081
<b>Total revenues</b>	<b>27,973,589</b>	<b>63,694,360</b>	<b>51,776,623</b>	<b>57,308,353</b>	<b>16,358,392</b>	<b>90,920,475</b>	<b>29,805,538</b>	<b>28,908,912</b>	<b>7,412,280</b>	<b>5,216,000</b>	<b>379,374,522</b>
<b>Expenses</b>											
Salaries and benefits	13,701,047	49,636,955	22,683,199	5,789,769	8,093,928	28,015,454	3,576,231	11,424,426	3,319,480	-	146,240,489
Interest charges	60,954	32,322	1,560,420	734,273	54,499	-	585,015	679,952	70,206	-	3,777,641
Materials	3,204,313	4,368,184	11,638,748	4,734,938	1,007,968	3,354,966	8,149,620	4,479,496	380,626	-	41,318,859
Contracted services	7,237,902	1,892,424	7,168,807	18,312,759	6,426,345	3,108,808	8,511,777	7,261,826	2,723,743	-	62,644,391
Rents and financial	147,970	102,268	108,049	592,132	10,232	772,221	157,370	333,030	8,860	-	2,232,132
External transfers	777,373	1,520,979	-	12,000	673,008	51,218,692	5,785,282	2,176,102	2,235,658	-	64,399,094
Amortization	2,762,332	1,404,467	14,790,563	11,625,218	130,530	822,567	1,705,564	4,756,631	45,390	-	38,043,262
Loss (gain) on disposal of TCA	1,061,847	-	(53,897)	-	-	-	(1,015,581)	(471)	50,380	-	42,278
Internal transfers	8,832,930	(641,599)	(6,257,051)	1,378,973	-	898,631	(428,489)	(1,929,120)	(1,854,275)	-	-
<b>Total expenses</b>	<b>37,786,668</b>	<b>58,316,000</b>	<b>51,638,838</b>	<b>43,180,062</b>	<b>16,396,510</b>	<b>88,191,339</b>	<b>27,026,789</b>	<b>29,181,872</b>	<b>6,980,068</b>	<b>-</b>	<b>358,698,146</b>
<b>Net surplus/(deficit)</b>	<b>(9,813,079)</b>	<b>5,378,360</b>	<b>137,785</b>	<b>14,128,291</b>	<b>(38,118)</b>	<b>2,729,136</b>	<b>2,778,749</b>	<b>(272,960)</b>	<b>432,212</b>	<b>5,216,000</b>	<b>20,676,376</b>

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 \$
<b>Revenues</b>											
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	(388,749)	206,015	972,550	41,283	-	340,636	78,743	149,951	-	2,177,337
<b>Total revenues</b>	<b>26,897,550</b>	<b>59,486,769</b>	<b>66,686,155</b>	<b>53,733,774</b>	<b>16,712,719</b>	<b>84,954,778</b>	<b>23,902,426</b>	<b>23,603,601</b>	<b>8,690,673</b>	<b>6,114,362</b>	<b>370,782,807</b>
<b>Expenses</b>											
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
Loss (gain) on disposal of TCA	-	(85,757)	(113,774)	9,760	-	-	(3,362,190)	-	(1,653,015)	-	(5,204,976)
Internal transfers	5,648,673	(1,220,705)	(5,219,677)	738,577	-	1,373,338	(523,615)	492,798	(1,289,389)	-	-
<b>Total expenses</b>	<b>31,742,918</b>	<b>55,418,122</b>	<b>45,242,238</b>	<b>48,885,860</b>	<b>16,290,142</b>	<b>81,428,942</b>	<b>18,305,295</b>	<b>25,790,883</b>	<b>4,176,012</b>	<b>-</b>	<b>327,280,412</b>
<b>Net surplus/(deficit)</b>	<b>(4,845,368)</b>	<b>4,068,647</b>	<b>21,443,917</b>	<b>4,847,914</b>	<b>422,577</b>	<b>3,525,836</b>	<b>5,597,131</b>	<b>(2,187,282)</b>	<b>4,514,661</b>	<b>6,114,362</b>	<b>43,502,395</b>

## **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, 2022, 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, 2022, 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 July 24, 2023*

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.

*Draft July 24, 2023*



## Appendix C

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 28, 2023

*Draft July 24, 2023*

Appendix C  
**CORPORATION OF THE CITY OF PETERBOROUGH**

**TRUST FUNDS**  
**STATEMENT OF FINANCIAL POSITION**  
**At December 31, 2022**

	City Parks \$	Special Holdings \$	Safety Patrol \$	Cenotaph \$	Library \$	Morrow Park \$	Parks Hancock \$	Parks Tollington Endowment \$	Residents' Personal \$	2022 Total \$	2021 Total \$
<b>FINANCIAL ASSETS</b>											
Cash	134,718	20,794	36,424	2,208	20,930	7,378	36,952	11,732	98,108	369,244	334,887
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES</b>											
Accounts payable	-	-	-	-	541	-	-	-	-	541	553
Due to revenue fund/Fairhaven	-	-	-	-	-	-	-	-	16,477	16,477	6,182
	-	-	-	-	541	-	-	-	16,477	17,018	6,735
<b>FUND BALANCES</b>	134,718	20,794	36,424	2,208	20,389	7,378	36,952	11,732	81,631	352,226	328,152
	134,718	20,794	36,424	2,208	20,930	7,378	36,952	11,732	98,108	369,244	334,887

The accompanying note is an integral part of these financial statements

*Draft July 24, 2023*

Appendix C  
**CORPORATION OF THE CITY OF PETERBOROUGH**

**TRUST FUNDS**  
**STATEMENT OF CONTINUITY**  
**For the Year Ended December 31, 2022**

	City Parks	Special Holdings	Safety Patrol	Cenotaph	Library	Morrow Park	Parks Hancock	Parks Tollington Endowment	Residents' Personal	2022 Total	2021 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>BALANCES - beginning of year</b>	131,337	20,272	35,444	2,369	20,397	7,193	36,024	11,433	63,683	328,152	329,411
<b>RECEIPTS</b>											
Deposits and grants	-	-	66	-	-	-	-	-	105,146	105,212	60,989
Transfer from Fairhaven	-	-	-	-	-	-	-	-	28,686	28,686	25,571
Interest Income	3,381	522	914	63	533	185	928	299	-	6,825	1,829
	3,381	522	980	63	533	185	928	299	133,832	140,723	88,389
<b>EXPENSES</b>											
Transfer to operations	-	-	-	224	541	-	-	-	-	765	317
Withdrawals, purchases	-	-	-	-	-	-	-	-	100,799	100,799	78,283
Resident maintenance	-	-	-	-	-	-	-	-	14,068	14,068	9,683
Donations	-	-	-	-	-	-	-	-	1,017	1,017	1,365
	-	-	-	224	541	-	-	-	115,884	116,649	89,648
<b>BALANCES - end of year</b>	134,718	20,794	36,424	2,208	20,389	7,378	36,952	11,732	81,631	352,226	328,152

The accompanying note is an integral part of these financial statements.

*Draft July 24, 2023*

# CORPORATION OF THE CITY OF PETERBOROUGH

## TRUST FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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#### 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.

*Draft July 24, 2023*