



City of  
**Peterborough**

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**To: Members of the General Committee**

**From: Richard Freymond, Commissioner, Finance & Corporate Support Services**

**Meeting Date: August 6, 2024**

**Report: Treasurer's Report, 2023 Consolidated Financial Report, 2023 Trust Funds Financial Statement and Five-Year Review, Report FCSFS24-017**

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## **Subject**

A report to recommend the Treasurer's Report, 2023 Consolidated Financial Report, the 2023 Trust Funds Financial Statement, and Five-Year Review be received, that underlying accounting policies be approved, and the 2023 Financial Report be received and submitted to the Province of Ontario.

## **Recommendations**

That Council approve the recommendations outlined in Report FCSFS24-017 dated August 6, 2024, of the Commissioner of Finance and Corporate Support Services as follows:

- a) That Report FCSFS24-017, Treasurer's Report, 2023 Consolidated Financial Report, the 2023 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, 2023 Consolidated Financial Report and 2023 Trust Funds Financial Statement as received, be submitted to the Province of Ontario.

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## 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.

## Strategic Plan

Strategic Pillar: Governance & Fiscal Sustainability

Strategic Initiative: Pursue service excellence in governance to support long-term fiscal sustainability of the City while respecting the impact of decisions on taxpayers.

The annual financial audit is a key process in ensuring accountable, transparent and responsible financial management. The presentation of the audited financial statements with this report provide accountability to Council and the citizens of Peterborough.

## Budget and Financial Implications

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

## Attachments

Appendix A – Treasurer's Report on the 2023 Financial Report for the City of Peterborough

Appendix B – City of Peterborough – Five-Year Review

Appendix C – Consolidated Financial Statements Including Trust Funds Financial Statement

Submitted by,

Richard Freymond  
Commissioner, Finance and Corporate Support Services

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City of  
**Peterborough**

500 George Street North, Peterborough, ON K9H 3R9

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August 6, 2024

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

## **Treasurer's Report on the 2023 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, 2023. 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 2023 Capital and Operating Budget on January 30, 2023.

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 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 in the City's financial statements. 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. (CoPHI) is accounted for on a Modified Equity basis, which means that the accounting principles of the organization are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

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

### Chart 1 - The Reporting Entity

Full Consolidation	Proportionate Consolidation	Modified Equity Basis
<ul style="list-style-type: none"> <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 General 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 auditing requirements.

## **Fund Accounting**

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

## **Results of Operations**

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

During 2023, the City recorded consolidated revenues of \$441 million (2022 - \$379 million).

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

**Chart 2 - Consolidated Revenues**

	2023		2022		Variance Increase (Decrease)
	\$	%	\$	%	\$
Property taxation	157,003,028	35.6%	148,125,168	39.0%	8,877,860
Taxation from other governments	3,934,624	0.9%	3,815,842	1.0%	118,782
User fees and service charges	80,132,710	18.2%	73,198,653	19.3%	6,934,057
Government grants and other municipalities	146,776,328	33.3%	121,408,396	32.0%	25,367,932
Developer levies and other contributions	5,781,486	1.3%	6,770,920	1.8%	(989,434)
Licenses, permits, royalties and rents	7,050,925	1.6%	5,130,188	1.4%	1,920,737
Fines and other charges	2,909,544	0.7%	2,380,660	0.6%	528,884
Penalties and interest on taxes	1,061,298	0.2%	789,256	0.2%	272,042
Investment income	8,535,683	1.9%	5,927,133	1.6%	2,608,550
Donations and contributed capital	13,107,177	3.0%	376,767	0.1%	12,730,410
Casino and gaming revenue	3,010,980	0.7%	2,655,458	0.7%	355,522
Income from government business enterprise	6,661,000	1.5%	5,216,000	1.4%	1,445,000
Gain/(loss) on disposal of tangible capital asset	1,803,526	0.4%	(42,278)	0.0%	1,845,804
Other	3,420,606	0.8%	3,580,081	0.9%	(159,475)
<b>Total Consolidated Revenues</b>	<b>441,188,915</b>	<b>100.1%</b>	<b>379,332,244</b>	<b>100.0%</b>	<b>61,856,671</b>

Revenues increased \$61.8 million due to several factors:

- The net property taxation levy was \$8.8 million higher than the previous year. The approved tax increase was 3.15% which equated to \$6.6 million. Taxes in the amount of \$1.5 million which were previously written off were recovered through the tax sale of a property during 2023. In-year assessment changes by MPAC resulting in increased supplementary assessment changes and write-offs netted to an additional \$0.7 million.
- User fees and service charges increased by \$6.9 million over the previous year due to increased user fees approved with the 2023 budget and increased user activity for various services, such as transit ridership, as recovery after the pandemic continued.
- Government grants increased by \$25.3 million. This increased revenue includes an increase in funding from the County for the shared Social Services, \$10 million increase from the province for the continued implementation of the \$10/day parent fee for child care program, CWELCC; \$6.9 million in provincial

OCIF funding for roads projects, and \$5 million in funding from the Low Carbon Economy Fund for the new organics facility.

- Licenses, permits, royalties and rents increased by \$1.9 million due in part to increased permit and license fees approved with the 2023 budget, including parking permits, tree removal permits and building permits. This also includes increased concession, lease and event revenues from Recreation facilities which were higher than 2022 though they did not meet budgeted levels for 2023.
- Investment income increased by \$2.6 million as market interest rates increased throughout 2023.
- Donations and contributed capital increased by \$12.7 million, which includes \$12.3 million for the recognition of a subdivision that was assumed by the City during 2023, and a contribution of \$250,000 from the Library board towards the Miskin Law Community Complex project.
- Income from government business enterprise increased by \$1.4 million due to an additional one-time dividend received from CoPHI.
- Gain on disposal of tangible capital assets was \$1.8 million higher due to the sale of City owned properties deemed surplus, including the De La Fosse Library branch.

Consolidated expenses totaled \$392 million (2022 - \$358.7 million).

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



**Chart 3 - Consolidated Expenses**

	2023		2022		Variance Increase (Decrease) \$
	\$	%	\$	%	
General government	34,051,395	8.7%	36,724,821	10.2%	(2,673,426)
Protection services	62,834,900	16.0%	58,316,000	16.3%	4,518,900
Transportation services	53,096,456	13.5%	51,692,735	14.4%	1,403,721
Environmental services	50,145,674	12.8%	43,180,062	12.0%	6,965,612
Health services	17,220,427	4.4%	16,396,510	4.6%	823,917
Social and family services	94,345,063	24.1%	88,191,339	24.6%	6,153,724
Social housing	33,702,667	8.6%	28,042,370	7.8%	5,660,297
Recreation and cultural services	33,805,710	8.6%	29,182,342	8.1%	4,623,368
Planning and development	8,194,144	2.1%	6,929,689	2.0%	1,264,455
Landfill adjustment - change in standards	4,657,181	1.2%	-	0.0%	4,657,181
<b>Total Consolidated Expenses</b>	<b>392,053,617</b>	<b>100.0%</b>	<b>358,655,868</b>	<b>100.0%</b>	<b>33,397,749</b>

Total operating expenses increased by \$33.4 million. There were increases in many operational costs during 2023 due to rising inflation, especially for fuel, parts and supplies for fleet. General Government expenses in 2022 included costs of \$3.4 million related to the May 2022 windstorm, which did not recur in 2023 contributing to the decrease in expenses in this area. Environmental Services costs includes increases for the new organics facility and curbside collection of organics materials which began in 2023. Social and family services expenses increased as provincial funding for the implementation of the CWELCC program continues and the funding is flowed through the City to day care providers. The \$4.6 million expense for Landfill adjustment is a result of a change in accounting standard for Asset Retirement Obligations that was implemented in 2023. See Note 2 of the Consolidated Financial Statements for more information about this accounting standard.

Under current reporting standards, the City has an annual amortization charge of \$41.8 million (2022 - \$38 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 \$120.5 million (2022 - \$89.8 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 \$7.5 million (2022 - \$62.3 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 \$54.7 million in the net financial asset position resulted primarily from revenues being in excess of operating expenses by \$49.1 million and amortization of tangible capital assets of \$41.8 million to finance the acquisition of tangible capital assets totaling \$120.5 million.

For the 2023 year-end, new accounting standards were implemented which resulted in a reduction in the Net Financial Assets of the City of \$19.3 million. This adjustment includes \$9.9 million representing the accumulated remeasurement of unrealized gains on the City's investments that were previously recorded at cost, and a \$9.3 million adjustment in recognition of asset retirement obligations. For more details about the changes in accounting policies for 2023 refer to Note 2 on pages 13 and 14 of the Consolidated Financial Statements.

The accumulated surplus of \$1.074 million (2022 - \$1.025 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**

	2023	2022
	\$	\$
<b>Surplus (Deficit)</b>		
Operating surplus	-	102,406
Unexpended financing	7,694,214	7,273,357
	7,694,214	7,375,763
<b>Consolidated Entities</b>		
Peterborough Public Health	(11,835)	138,598
The Village Business Improvement Area	10,056	(202)
Peterborough Downtown Business Improvement Area	82,068	181,960
Peterborough Utilities Commission	13,848,072	16,300,379
	13,928,361	16,620,735
<b>Unfunded amounts</b>		
Unfunded employee future benefits	(42,921,876)	(38,403,419)
Unfunded landfill closure and post-closure costs	-	(20,726,360)
Accrued interest on long term debt	(1,198,070)	(914,511)
	(44,119,946)	(60,044,290)
<b>Equity in GBE</b>	65,616,092	66,174,092
<b>Invested in Capital Assets</b>		
Tangible capital assets - net book value	1,058,695,303	959,536,224
Short and long term debt	(162,350,479)	(149,598,411)
Unfunded capital	(43,283,455)	(32,576,745)
Unfunded asset retirement obligation	(36,571,267)	-
	816,490,102	777,361,068
<b>Reserve Funds and Reserves</b>		
Discretionary reserve funds	47,592,776	52,670,663
Reserves	167,237,351	165,145,621
	214,830,127	217,816,284
	1,074,438,950	1,025,303,652

**Conclusion**

The level of capital spending throughout 2023 increased over prior years at \$119.8 million (2022 - \$89.8 million), 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. However rising costs

and demands for services places a significant pressure on the financial resources of the City.

Submitted by,

Richard Freymond  
Treasurer

# City of Peterborough

## Five-Year Review

(All dollar values in thousands except per capita figures)

	2023	2022	2021	2020	2019
<b>CURRENT PROGRAM ACTIVITY</b>					
<b>Consolidated Revenues</b>					
Taxation	157,003	148,125	142,427	135,467	132,592
Taxation from other governments	3,935	3,816	3,749	3,748	3,511
Fees and service charges	80,133	73,199	66,197	63,992	76,610
Government grants and other Municipalities	146,776	121,408	128,720	125,304	110,982
Development levies	5,781	6,771	6,549	3,928	5,316
Investment and other revenue	47,561	26,013	23,141	49,254	23,713
	441,189	379,332	370,783	381,693	352,724
<b>Expenses</b>	395,758	358,656	327,280	311,415	321,020
<b>Growth in accumulated surplus</b>	45,431	20,676	43,503	70,278	31,704
<b>NET LONG TERM LIABILITIES</b>					
For general municipal activities	147,468	111,854	98,010	112,625	119,573
For municipal enterprises	3,838	1,195	1,369	1,643	1,917
	151,306	113,049	99,379	114,268	121,490
General municipal activities - net long term liabilities as % of CVA	1.5%	1.1%	1.0%	1.2%	1.3%
<b>CURRENT CHARGES FOR NET LONG TERM LIABILITIES</b>					
General municipal activities and for municipal enterprise	21,991	17,204	27,566	19,273	19,454
<b>CURRENT VALUE ASSESSMENT (CVA) - TAXABLE</b>					
Residential and farm	8,489,616	8,382,924	8,309,232	8,353,183	7,986,800
Commercial and industrial	1,367,234	1,364,251	1,380,464	1,392,953	1,382,328
	9,856,849	9,747,175	9,689,696	9,746,136	9,369,128
Percentage increase from previous year	1.13%	0.59%	-0.58%	4.02%	4.71%
Commercial / industrial CVA as percentage of total	13.9%	14.0%	14.2%	14.3%	14.8%

# City of Peterborough

## Five-Year Review

(All dollar values in thousands except per capita figures)

	2023	2022	2021	2020	2019
<b>VALUE OF BUILDING PERMITS ISSUED</b>					
Residential	98,468	123,470	198,736	84,470	62,537
Commercial	12,443	14,386	14,842	14,842	9,985
Industrial	2,670	40	27,428	27,428	8,783
Institutional	76,255	74,000	26,522	26,523	78,009
	189,836	211,896	267,528	153,263	159,314
Percentage increase (decrease) from previous year	-10.4%	-20.8%	74.6%	-3.8%	-14.9%
<b>TAX LEVY AND ARREARS</b>					
<b>Tax levy</b>					
Current year's tax levy - municipal and education combined	179,219	172,383	167,001	167,125	165,084
Percentage increase over previous year	4.0%	3.2%	-0.1%	1.2%	3.5%
<b>Tax arrears</b>					
Total arrears (excluding Allowance for Doubtful Accounts)	4,470	1,139	3,226	4,531	4,221
Percentage increase (decrease) over previous year	292.5%	-64.7%	-28.8%	7.3%	-3.1%
Tax arrears as a percentage of current tax levy	2.5%	0.7%	1.9%	2.7%	2.6%
<b>POPULATION &amp; SIZE</b>					
Estimated Population (2021 Census)	83,651	83,651	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	117,833	116,522	118,032	118,719	114,127
Expenses	4,731	4,288	3,987	3,793	3,910
Net long-term debt for general municipal activities and municipal enterprise	1,809	1,351	1,211	1,392	1,480
Tax arrears	53	14	39	55	51

# City of Peterborough

## Five-Year Review

(All dollar values in thousands except per capita figures)

	2023	2022	2021	2020	2019
<b>RATES OF TAXATION</b>					
<b>Municipal tax rates</b>					
Residential	1.3846560%	1.3384440%	1.2952450%	1.2486790%	1.2497420%
Multi-residential	2.6962160%	2.6062320%	2.5221140%	2.4314400%	2.4335100%
New Multi-residential	1.3846560%	1.3384440%	1.2952450%	1.2486790%	1.2497420%
Commercial	2.0769840%	2.0076660%	1.9428680%	1.8730190%	1.8996390%
Commercial Vacant	2.0769840%	2.0076660%	1.9428680%	1.3111300%	1.3297470%
Industrial	2.0769840%	2.0076660%	1.9428680%	1.9586780%	2.0460780%
Industrial Vacant	2.0769840%	2.0076660%	1.9428680%	1.2731410%	1.3299510%
Pipeline	1.7593440%	1.7006270%	1.6457380%	1.5865720%	1.5879220%
Farmlands	0.3461640%	0.3346110%	0.3238110%	0.3121700%	0.3124360%
<b>Education tax rates</b>					
Residential	0.1530000%	0.1530000%	0.1530000%	0.1530000%	0.1610000%
Multi-residential	0.1530000%	0.1530000%	0.1530000%	0.1530000%	0.1610000%
New Multi-residential	0.1530000%	0.1530000%	0.1530000%	0.1530000%	0.1610000%
Commercial	0.8800000%	0.8800000%	0.8800000%	1.2500000%	1.2900000%
Commercial Vacant	0.8800000%	0.8800000%	0.8800000%	1.2500000%	1.0965000%
Industrial	0.8800000%	0.8800000%	0.8800000%	1.2500000%	1.2900000%
Industrial Vacant	0.8800000%	0.8800000%	0.8800000%	1.2500000%	1.0642500%
Pipeline	0.8800000%	0.8800000%	0.8800000%	0.9800000%	1.0300000%
Farmlands	0.0382500%	0.0382500%	0.0382500%	0.0382500%	0.0402500%
<b>Combined municipal and education tax rates</b>					
Residential	1.5376560%	1.4914440%	1.4482450%	1.4016790%	1.4107420%
Multi-residential	2.8492160%	2.7592320%	2.6751140%	2.5844400%	2.5945100%
New Multi-residential	1.5376560%	1.4914440%	1.4482450%	1.4016790%	1.4107420%
Commercial	2.9569840%	2.8876660%	2.8228680%	3.1230190%	3.1896390%
Commercial Vacant	2.9569840%	2.8876660%	2.8228680%	2.5611300%	2.4262470%
Industrial	2.9569840%	2.8876660%	2.8228680%	3.2086780%	3.3360780%
Industrial Vacant	2.9569840%	2.8876660%	2.8228680%	2.5231410%	2.3942010%
Pipeline	2.6393440%	2.5806270%	2.5257380%	2.5665720%	2.6179220%
Farmlands	0.3844140%	0.3728610%	0.3620610%	0.3504200%	0.3526860%