



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

**Contact Name:**

Yvette Peplinskie

Director, Financial Services

Phone: 705-742-7777 Ext. 1862

Toll Free: 1-855-738-3755

Fax: 705-876-4607

E-Mail: [ypeplinskie@peterborough.ca](mailto:ypeplinskie@peterborough.ca)



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%

**CORPORATION OF THE CITY OF PETERBOROUGH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

*Draft July 30, 2024*



**CORPORATION OF THE CITY OF PETERBOROUGH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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*Draft July 30, 2024*

# CORPORATION OF THE CITY OF PETERBOROUGH

For The Year Ended December 31, 2023

## 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: August 12, 2024

Chief Administrative Officer \_\_\_\_\_ Date: August 12, 2024

Treasurer \_\_\_\_\_ Date: August 12, 2024

*Draft July 30, 2024*

## **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, 2023, the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets/(net debt) 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, 2023, 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 30, 2024*

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 30, 2024*

## 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 12, 2024

*Draft July 30, 2024*

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

At December 31, 2023

	2023	2022
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 4)	132,709,975	99,401,024
Taxes receivable (note 5)	6,740,482	5,036,837
Accounts receivable (note 6)	52,589,213	60,637,952
Inventory held for resale	9,299	15,357
Investments (note 7)	129,699,835	158,881,795
Other receivables (note 8)	2,327,292	2,394,640
Investment in Government Business Enterprise (GBE) (note 11)	65,616,092	66,174,092
<b>TOTAL FINANCIAL ASSETS</b>	<b>389,692,188</b>	<b>392,541,697</b>
<b>LIABILITIES</b>		
Short term debt (note 3)	-	24,433,000
Accounts payable and accrued liabilities	64,673,840	58,552,034
Deferred revenue (note 9)	31,930,938	15,874,540
Deferred revenue - obligatory reserve funds (note 12)	40,270,304	43,869,594
Long term debt (note 13)	162,350,479	125,165,411
Solid waste landfill closure and post-closure	-	20,726,360
Asset retirement obligation (ARO) (note 14)	80,681,218	-
Employee future benefits (note 15)	46,330,011	41,653,144
<b>TOTAL LIABILITIES</b>	<b>426,236,790</b>	<b>330,274,083</b>
<b>NET FINANCIAL ASSETS/(NET DEBT)</b>	<b>(36,544,602)</b>	<b>62,267,614</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (TCA) (note 17)	1,099,026,827	959,536,224
Prepaid expenses	2,388,860	2,005,330
Inventory of supplies	1,881,135	1,494,484
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>1,103,296,822</b>	<b>963,036,038</b>
	<b>1,066,752,220</b>	<b>1,025,303,652</b>
<b>Comprised of:</b>		
Accumulated surplus (note 16)	1,070,734,665	1,025,303,652
Accumulated remeasurement losses	(3,982,445)	-
	<b>1,066,752,220</b>	<b>1,025,303,652</b>

The accompanying notes are an integral part of these financial statements

Draft July 30, 2024

**CORPORATION OF THE CITY OF PETERBOROUGH****CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

For the Year Ended December 31, 2023

	Budget 2023 (Unaudited)\$	Actual 2023 \$	Actual 2022 \$
<b>REVENUES</b>			
Property taxation	154,233,882	157,003,028	148,125,168
Taxation from other governments	4,243,400	3,934,624	3,815,842
User fees and service charges	83,024,361	80,132,710	73,198,653
Government grants and other municipalities	163,648,158	146,776,328	121,408,396
Developer levies and other ontributions	6,759,029	5,781,486	6,770,920
Licenses, permits, royalties and rents	5,265,795	7,050,925	5,130,188
Fines and other charges	2,597,000	2,909,544	2,380,660
Penalties and interest on taxes	750,000	1,061,298	789,256
Investment income	5,126,156	8,535,683	5,927,133
Donations and contributed capital	498,486	13,107,177	376,767
Casino and gaming revenue	3,000,000	3,010,980	2,655,458
Income from GBE (note 11)	7,008,000	6,661,000	5,216,000
Gain/(loss) on disposal of TCA	-	1,803,526	(42,278)
Other	2,538,149	3,420,606	3,580,081
<b>TOTAL REVENUES</b>	<b>438,692,416</b>	<b>441,188,915</b>	<b>379,332,244</b>
<b>EXPENSES</b>			
General government	21,174,799	34,051,395	36,724,821
Protection services	63,162,502	62,834,900	58,316,000
Transportation services	51,704,522	53,096,456	51,692,735
Environmental services	50,635,054	50,145,674	43,180,062
Health services	17,740,149	17,220,427	16,396,510
Social and family services	98,426,089	94,345,063	88,191,339
Social housing	34,118,209	37,481,094	28,042,370
Recreation and cultural services	30,792,143	33,731,568	29,182,342
Planning and development	9,765,479	8,194,144	6,929,689
Landfill adjustment - change in standards	-	4,657,181	-
<b>TOTAL EXPENSES</b>	<b>377,518,946</b>	<b>395,757,902</b>	<b>358,655,868</b>
<b>ANNUAL SURPLUS</b>	<b><u>61,173,470</u></b>	<b>45,431,013</b>	<b>20,676,376</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>1,025,303,652</b>	<b>1,004,627,276</b>
<b>ADJUSTMENT ON ADOPTION OF ARO</b>	<b>-</b>	<b>9,290,360</b>	<b>-</b>
<b>ACCUMULATED SURPLUS - beginning of year, as restated</b>		<b>1,034,594,012</b>	<b>1,004,627,276</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>1,070,734,665</b>	<b>1,025,303,652</b>

The accompanying notes are an integral part of these financial statements

Draft July 30, 2024

**CORPORATION OF THE CITY OF PETERBOROUGH****CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**

For the Year Ended December 31, 2023

	Actual 2023 \$	Actual 2022 \$
<b>ACCUMULATED REMEASUREMENT GAINS AND LOSSES</b>		
- beginning of year	-	-
Adjustment on adoption of the financial instruments standard	(9,982,779)	-
Unrealized gains attributable to:		
Portfolio investments - Bonds	3,357,490	-
Portfolio investments - Mutual funds	2,642,844	-
Net change in remeasurement gains (losses) for the year	6,000,334	-
<b>ACCUMULATED REMEASUREMENT GAINS AND LOSSES</b>		
- end of year	(3,982,445)	-

Draft July 30, 2024

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*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/(NET DEBT)  
For the Year Ended December 31, 2023**

	Budget 2023 \$	Actual 2023 \$	Actual 2022 \$
<b>ANNUAL SURPLUS</b>	61,173,470	45,431,013	20,676,376
Amortization of tangible capital assets	38,519,074	43,923,224	38,043,262
Acquisition of tangible capital assets	(164,956,347)	(120,528,216)	(89,812,020)
Loss/(gain) on disposal of tangible capital assets	-	(1,803,526)	42,278
Proceeds on sale of tangible capital assets	1,000,000	3,055,032	1,173,656
Contributed capital assets	-	(12,332,871)	-
Change in prepaid expenses	-	(383,530)	(1,079,493)
Change in inventory of supplies	-	(386,651)	(247,542)
<b>CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)</b>	<b>(64,263,803)</b>	<b>(43,025,525)</b>	<b>(31,203,483)</b>
<b>NET FINANCIAL ASSETS - beginning of year</b>	62,267,614	62,267,614	93,471,097
<b>ADJUSTMENT ON ADOPTION OF THE ARO STANDARD (note 2)</b>	-	(51,804,246)	-
<b>ADJUSTMENT ON ADOPTION OF THE FINANCIAL INSTRUMENTS STANDARD (note 2)</b>	-	(9,982,779)	-
<b>NET FINANCIAL ASSETS - beginning of year, as restated</b>	62,267,614	480,589	93,471,097
<b>INCREASE IN ACCUMULATED REMEASUREMENT GAINS</b>	-	6,000,334	-
<b>NET FINANCIAL ASSETS/(NET DEBT) - end of year</b>	<b>(1,996,189)</b>	<b>(36,544,602)</b>	<b>62,267,614</b>

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

Draft July 30, 2024

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

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	45,431,013	20,676,376
Items not involving cash		
Amortization of tangible capital assets	43,923,224	38,043,262
Loss/(gain) on disposal of tangible capital assets	(1,803,526)	42,278
Contributed capital assets	(12,332,871)	-
Income from government business enterprise	(6,661,000)	(5,216,000)
Accretion expense	3,493,431	-
Change in solid waste landfill closure and post-closure	(20,726,360)	824,337
Change in asset retirement obligation for closed sites	25,383,541	-
Change in employee future benefits	4,676,867	5,152,762
Change in non-cash assets and liabilities (note 20)	24,227,233	18,302,746
<b>Net change in cash from operating activities</b>	<b>105,611,552</b>	<b>77,825,761</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(120,528,216)	(89,812,020)
Proceeds on disposal of tangible capital assets	3,055,032	1,173,656
<b>Net change in cash from capital activities</b>	<b>(117,473,184)</b>	<b>(88,638,364)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds of portfolio investments	60,356,182	43,765,009
Purchase of portfolio investments	(35,156,667)	(66,077,119)
Dividends received/receivable from GBE	7,219,000	5,312,000
<b>Net change in cash from investing activities</b>	<b>32,418,515</b>	<b>(17,000,110)</b>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	54,321,100	28,345,911
Long term debt principal repayments	(17,136,032)	(15,732,676)
Short term debt issued	-	5,504,000
Short term debt principal repayments	(24,433,000)	(5,100,000)
<b>Net change in cash from financing activities</b>	<b>12,752,068</b>	<b>13,017,235</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>33,308,951</b>	<b>(14,795,478)</b>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<b>99,401,024</b>	<b>114,196,502</b>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<b>132,709,975</b>	<b>99,401,024</b>

The accompanying notes are an integral part of these financial statements

Draft July 30, 2024

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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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 2023 - 66.67% (2022 - 66.67%)
- Peterborough Public Health 2023 - 57% (2022 - 57%)
- Peterborough County-City Waste Management Facility 2023 - 50% (2022 - 50%)

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

*Draft July 30, 2024*

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (a) Reporting Entity, continued

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) 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.

*Draft July 30, 2024*

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (b) Recognition of Revenues and Expenses, continued

##### Obligatory Reserve Funds

The City receives development charge contributions and payments in lieu of parkland under the authority of provincial legislation and City by-laws, The Building Code, Federal Gasoline Tax Revenues, Federal Public Transit Funds under Municipal Funding Agreements with the Association of Municipalities of Ontario and Provincial Gasoline Tax Revenues. By their nature, these funds are restricted in their use and until applied to applicable qualifying projects are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are earned. (see note 12).

##### Investment Income

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

##### User Fees and Service Charges

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

##### 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.

#### (c) 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.

#### (d) 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.

*Draft July 30, 2024*

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (e) 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
Land improvements - landfill	expected life of landfill
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.

#### (f) 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.

#### (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 30, 2024

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

For the Year Ended December 31, 2023

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

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash and temporary investments:	
Cash	Amortized Cost
High interest savings	Amortized Cost
Taxes receivable	Amortized Cost
Accounts receivable	Amortized Cost
Investments:	
Guaranteed investment certificates	Amortized Cost
Bonds	Fair Value
Mutual funds	Fair Value
Principal protected notes	Fair Value
Other receivables	Amortized Cost
Short term debt	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

**Fair value category:** The City manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

**Amortized cost category:** Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

Draft July 30, 2024

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (h) Financial Instruments, continued

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

#### (i) 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.

*Draft July 30, 2024*



# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards 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 judgments (often as a result of matters that are inherently uncertain) include, among others, allowance for uncollectible taxes and other receivables, accounts payable and other accruals, employee future benefits and useful lives of tangible capital assets and amortization. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

In addition, the City's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

(k) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the City has also been recognized based on estimated future expenses for remediation or disposal.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in (e).

*Draft July 30, 2024*

## CORPORATION OF THE CITY OF PETERBOROUGH

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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#### 2. CHANGES IN ACCOUNTING POLICIES

The City has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the City's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the City's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

In accordance with the provisions of PS 3041 and PS 3450, the City reflected the following adjustments at January 1, 2023:

- A decrease of \$9,982,779 to net surplus and an decrease of \$9,982,779 to accumulated remeasurement gains/(losses) due to the unrealized loss of the City's investments previously recorded at cost.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

*Draft July 30, 2024*

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

For the Year Ended December 31, 2023

**2. CHANGES IN ACCOUNTING POLICIES, continued**

In accordance with the provisions of this new standard, the City reflected the following adjustments at January 1, 2023:

## Landfill Obligation

- A decrease of \$20,726,360 to landfill closure and post-closure liability to remove the liability recognized to December 31, 2022 under the old standard.
- An increase of \$32,796,404 to opening asset retirement obligation liability representing all landfill sites either open or closed.
- An increase of \$7,412,863 to landfill tangible capital asset account representing the opening asset retirement obligation for landfills still in productive use.

## Asbestos Obligation

- An increase of \$44,391,382 to the tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.

**3. SHORT TERM DEBT**

From 2017 to 2022, the City of Peterborough obtained short term advances from Infrastructure Ontario at a variable interest rate. The balance outstanding as at December 31, 2022 is \$Nil (2022 - \$24,433,000).

**4. CASH AND TEMPORARY INVESTMENTS**

This figure is comprised of the following:

	2023	2022
	\$	\$
Petty cash and cash floats	50,370	54,114
High interest savings	30,393,862	29,664,646
Unrestricted cash	92,453,928	57,231,999
Restricted cash	9,811,815	12,450,265
	<u>132,709,975</u>	<u>99,401,024</u>

Draft July 30, 2024

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

For the Year Ended December 31, 2023

**5. TAXES RECEIVABLE**

This figure is comprised of the following:

	2023 \$	2022 \$
Current year's levies	4,973,984	3,493,028
Previous year's levies	1,202,834	925,325
Prior year's levies	357,180	1,420,954
Penalties and interest	465,824	1,734,089
	6,999,822	7,573,396
Allowance for uncollectible taxes	(259,340)	(2,536,559)
	6,740,482	5,036,837

**6. ACCOUNTS RECEIVABLE**

This figure is comprised of the following:

	2023 \$	2022 \$
Government of Canada	13,552,372	13,352,966
Government of Ontario	12,350,063	8,060,322
Other municipalities and school boards	1,439,890	696,436
User charges and other receivables	25,246,888	38,528,228
	52,589,213	60,637,952

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

For the Year Ended December 31, 2023

**7. INVESTMENTS**

On January 1, 2023, the City adopted PS3041 and PS3450 (see note 2). In 2022, all investments were recorded at cost. Investments are comprised of the following:

	2023	2022
	\$	\$
<b>Amortized Cost</b>		
Guaranteed investment certificates	30,491,744	55,478,794
Bonds	-	54,763,763
Mutual funds	-	43,955,132
Principal protected notes	-	5,000,000
High interest savings	30,393,862	29,348,701
Portfolio Investments - Shares no active market	51	51
	<u>60,885,657</u>	<u>188,546,441</u>
<b>Fair Value</b>		
Bonds	45,247,592	-
Mutual funds	43,960,448	-
Principal protected notes	10,000,000	-
	<u>99,208,040</u>	<u>-</u>
	<u>160,093,697</u>	<u>188,546,441</u>
Breakdown on Consolidated Statement of Financial Position:		
	2023	2022
	\$	\$
Short term amounts included in cash and temporary investments	30,393,862	29,664,646
Long term shown as investments	129,699,835	158,881,795
	<u>160,093,697</u>	<u>188,546,441</u>

Accrued interest on guaranteed investment certificates is recorded in accounts receivable.

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

For the Year Ended December 31, 2023

**8. OTHER RECEIVABLES**

This figure is comprised of the following:

	2023 \$	2022 \$
Peterborough Lawn Bowling Club	-	145,000
Market Hall Performing Arts Incorporated	387,592	389,940
Peterborough Youth Soccer Club	30,000	60,000
Kinsmen Minor Football League Inc.	-	10,000
Peterborough Baseball Association	90,000	90,000
Peterborough Recreational Baseball Association	25,000	25,000
Greater Peterborough Innovation Cluster	100,000	100,000
Peterborough Lakers	120,000	-
Canadian Canoe Museum	1,574,700	1,574,700
	<b>2,327,292</b>	<b>2,394,640</b>

The interest rate on the Market Hall Performing Arts Incorporated loan is prime less 0.25%. The interest rate on the Canadian Canoe Museum loan is fixed at 2%. The remaining loans with a value of \$365,000 (2022 - \$430,000) approved by Council to qualifying community groups have been made on an interest free basis.

**9. DEFERRED REVENUE**

This figure is comprised of the following:

	2023 \$	2022 \$
Rents, user fees and service charges	5,283,956	5,423,023
Tickets, events and site deposits	808,698	977,282
Government funding	8,525,519	9,474,235
CMHC funding	17,312,765	-
	<b>31,930,938</b>	<b>15,874,540</b>

**10. TRANSFER TO THE SCHOOL BOARDS**

During 2023, the City made property tax transfers to the School Boards. The amounts collected and remitted amounted to \$25,492,631 (2022 - \$25,384,963). 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, 2023

### 11. 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 (49% owned by the Company) are wholly owned by the 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.:

	2023	2022
	\$	\$
Investment in shares	34,258,092	34,258,092
<b>Retained earnings</b>		
Beginning balance	31,916,000	32,012,000
Net earnings	6,661,000	5,216,000
Less dividends	(7,219,000)	(5,312,000)
	31,358,000	31,916,000
	65,616,092	66,174,092

Draft July 30, 2024

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

For the Year Ended December 31, 2023

**11. 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:**

	2023 \$	2022 \$
<b>Assets</b>		
Current assets	39,217,000	38,083,000
Capital and intangible assets	150,815,000	156,860,000
Deferred tax assets	4,002,000	4,221,000
<b>Total Assets</b>	<b>194,034,000</b>	<b>199,164,000</b>
<b>Liabilities</b>		
Current liabilities	15,448,000	13,552,000
Other long term liabilities	93,172,000	101,997,000
Deferred tax liabilities	19,798,000	19,241,000
<b>Total Liabilities</b>	<b>128,418,000</b>	<b>134,790,000</b>
<b>Shareholder's Equity</b>		
Share capital	34,258,000	34,258,000
Accumulated other comprehensive loss	(1,542,000)	(2,309,000)
Retained earnings	32,900,000	32,425,000
<b>Total Shareholder's Equity</b>	<b>65,616,000</b>	<b>64,374,000</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>194,034,000</b>	<b>199,164,000</b>

**Results of Operations:**

	2023 \$	2022 \$
Revenues	47,740,000	44,930,000
Expenses	39,859,000	37,272,000
Total net Income before provision for corporate income taxes	7,881,000	7,658,000
Provision for corporate income taxes	1,987,000	1,887,000
<b>Income of government business enterprise</b>	<b>5,894,000</b>	<b>5,771,000</b>

During the year the City received dividends of \$7,219,000 (2022 - \$5,312,000).



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

For the Year Ended December 31, 2023

**12. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

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

	2023	2022
	\$	\$
Development charges	28,919,487	28,082,068
Parkland fees and subdivider contributions	1,433,576	1,041,029
Building code	415,654	623,501
Canada Community-Building Fund	8,662,221	13,293,261
Provincial gasoline tax	839,366	829,735
	<u>40,270,304</u>	<u>43,869,594</u>

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

	2023	2022
	\$	\$
Balance - beginning of year	43,869,594	40,445,859
Add amounts received:		
Development charges	3,206,820	6,825,247
Parkland fees and subdivider contributions	2,149,992	85,886
Building code permits	2,147,408	2,194,087
Canada Community-Building Fund	5,363,358	5,139,885
Provincial gasoline tax	1,756,423	1,848,974
Other obligatory funds	-	2,270,473
Investment income	2,003,856	1,015,213
	<u>16,627,857</u>	<u>19,379,765</u>
Less transfer to operations:		
Development charges earned	5,311,892	5,968,570
Building code permits earned	2,355,255	2,240,192
Canada Community-Building Fund earned	10,770,000	3,686,795
Provincial gasoline tax earned	1,790,000	1,790,000
Other obligatory funds earned	-	2,270,473
	<u>20,227,147</u>	<u>15,956,030</u>
Balance - end of year	<u>40,270,304</u>	<u>43,869,594</u>

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

For the Year Ended December 31, 2023

**13. 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% (2022 - 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 \$
2024 to 2028	72,877,311	22,545,876	95,423,187
2029 to 2033	41,853,218	12,983,211	54,836,429
2034 and subsequent years	47,619,950	24,311,198	71,931,148
	<u>162,350,479</u>	<u>59,840,285</u>	<u>222,190,764</u>

The long term debt issued in the name of the City have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by The Ministry of Municipal Affairs and Housing.

Interest on long-term debt amounted to \$4,855,057 (2022 - \$3,777,641).

Draft July 30, 2024

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 14. ASSET RETIREMENT OBLIGATION

The City's asset retirement obligation consists of the following:

(a) Landfill obligation

The City owns and operates three landfill sites. The liability for the remaining closure costs of the one operational site as well as the post-closure costs for all sites has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for up to 165 years after the closure date using a discount rate of 5.3% and an inflation rate of 2.5%.

(b) Asbestos obligation

The City and its subsidiaries own and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the City recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023. The buildings have revised useful lives between 10 and 50 years.

Changes to the asset retirement obligation in the year are as follows:

	Operational site \$	Closed sites \$	Total \$
<b>Landfill closure and post-closure</b>			
Adjustment on adoption of the asset retirement obligation standard	7,412,863	25,383,541	32,796,404
Accretion expense	392,881	1,345,328	1,738,209
Closing balance	7,805,744	26,728,869	34,534,613

	Asbestos \$
<b>Asbestos obligation</b>	
Adjustment on adoption of the asset retirement obligation standard	44,391,382
Accretion expense	1,755,223
Closing balance	46,146,605
Total	80,681,218

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 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:

	2023	2022
	\$	\$
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	56,118,279	52,401,558
Current period benefit expense	5,450,737	5,338,981
Plan Amendment (WSIB income top-up benefit)	187,951	943,138
Interest	1,502,791	1,348,531
Benefit payments	(3,791,298)	(3,913,929)
Accrued benefit obligation, end of year	59,468,460	56,118,279
Unamortized actuarial gain (loss)	(13,138,449)	(14,465,135)
<b>Employee future benefits, end of year</b>	<b>46,330,011</b>	<b>41,653,144</b>

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.

## CORPORATION OF THE CITY OF PETERBOROUGH

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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#### 15. EMPLOYEE FUTURE BENEFITS, continued

##### **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 \$4,192,077 (2022 - \$3,972,621) of which \$3,408,135 (2022 - \$3,249,725) does not need to be recovered in future periods or has been funded in the current or previous periods.

*Draft July 30, 2024*

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

For the Year Ended December 31, 2023

**16. ACCUMULATED SURPLUS**

This figure is comprised of the following:

	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	1,099,026,827	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	(80,681,218)	-
	812,711,675	777,361,068
<b>Reserve Funds and Reserves</b>		
Discretionary reserve funds	47,592,776	52,670,663
Reserves	167,311,493	165,145,621
	214,904,269	217,816,284
	1,070,734,665	1,025,303,652

Draft July 30, 2024

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

For the Year Ended December 31, 2023

**17. TANGIBLE CAPITAL ASSETS**

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

	2023	2022
	\$	\$
General		
Land and land improvements	129,843,446	124,272,079
Buildings and leaseholds	244,901,576	165,073,448
Machinery and equipment	24,929,578	22,401,120
Vehicles	29,359,317	25,970,880
Books and materials	1,100,087	1,005,898
Infrastructure		
Land and land improvements	26,305,946	26,330,794
Buildings	27,162,961	25,920,781
Machinery and equipment	804,505	260,909
Roadways and sidewalks	192,378,952	178,234,807
Storm sewer system	108,894,920	69,431,307
Wastewater system	90,040,170	77,677,601
Water system	90,321,956	86,456,917
	966,043,414	803,036,541
Assets under construction	132,983,413	156,499,683
	1,099,026,827	959,536,224

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

During 2023, there was \$1,803,526 representing gain on sale of assets (2022 loss - \$42,278). Interest of \$752,483 was capitalized in 2023 (2022 - \$386,391). Assets contributed to the City in 2023 were capitalized at their fair value on the date of acquisition and amounted to \$12,322,871 (2022 - \$Nil).

Draft July 30, 2024

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

For the Year Ended December 31, 2023

**17. TANGIBLE CAPITAL ASSETS, continued**

Tangible capital assets allocated by segment are as follows:

	2023 \$	2022 \$
General government	55,722,211	57,464,010
Protection services	28,941,878	17,865,153
Transportation services	322,710,877	345,802,988
Environmental services	386,359,630	306,564,814
Health services	4,671,890	4,802,420
Social and Family services	7,550,348	7,044,436
Social housing	126,781,144	80,748,792
Recreation and cultural services	127,842,416	94,601,091
Planning and development	38,446,433	44,642,520
	<b>1,099,026,827</b>	<b>959,536,224</b>

**18. EXPENSES BY OBJECT**

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

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	146,227,168	151,332,582	146,240,489
Interest charges	5,462,481	4,855,057	3,777,641
Materials	39,713,952	45,045,912	41,318,859
Contracted services	69,815,503	67,876,266	62,644,391
Rents and financial	2,449,910	5,713,989	2,232,132
External transfers	75,330,858	72,353,691	64,399,094
Amortization	38,519,074	43,923,224	38,043,262
Landfill adjustment - change in standards	-	4,657,181	-
	<b>377,518,946</b>	<b>395,757,902</b>	<b>358,655,868</b>



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

For the Year Ended December 31, 2023

**19. PARTNERSHIPS WITH THE COUNTY OF PETERBOROUGH**

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

**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:

	2023		2022	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	10,067,745	6,711,864	8,934,563	5,956,405
Liabilities	8,014,231	5,342,847	6,499,507	4,333,026
Net financial assets	2,053,514	1,369,017	2,435,056	1,623,379
Non-financial assets	10,359,218	6,906,180	9,535,084	6,356,754
Accumulated surplus	12,412,732	8,275,197	11,970,140	7,980,133

Results of Operations:

	2023		2022	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	31,500,627	21,000,523	31,232,724	20,821,920
Expenses	31,058,035	20,705,460	30,930,039	20,620,129
Annual surplus	442,592	295,063	302,685	201,791

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

For the Year Ended December 31, 2023

**19. 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:

	2023		2022	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	4,994,657	2,846,954	5,309,632	3,026,490
Liabilities	5,480,943	3,124,138	5,970,197	3,403,012
Net debt	(486,286)	(277,184)	(660,565)	(376,522)
Non-financial assets	8,197,317	4,672,471	8,427,500	4,803,675
Accumulated surplus	7,711,031	4,672,471	7,766,935	4,427,153

Results of Operations:

	2023		2022	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	16,940,504	9,656,087	17,493,888	9,971,516
Expenses	17,053,342	9,720,405	17,455,623	9,949,705
Annual surplus/(deficit)	(112,838)	(64,318)	38,265	21,811

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# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 19. 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 \$(54,394) (2022 - \$(63,600)).

Results of Operations:

	2023		2022	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	4,161,256	2,080,628	3,720,913	1,860,457
Expenses	4,336,259	2,168,130	4,142,835	2,071,418
Net expense	(175,003)	(87,502)	(421,922)	(210,961)

### 20. CHANGE IN NON-CASH ASSETS AND LIABILITIES

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

	2023 \$	2022 \$
Taxes receivable	(1,703,645)	(673,752)
Accounts receivable	8,048,739	(3,942,753)
Inventory held for resale	6,058	(9,360)
Other receivables	67,348	69,653
Prepaid expenses	(383,530)	(1,079,493)
Inventory of supplies	(386,651)	(247,542)
Accounts payable and accrued liabilities	6,121,806	9,585,423
Deferred revenue	16,056,398	11,176,835
Deferred revenue - obligatory reserve funds	(3,599,290)	3,423,735
	24,227,233	18,302,746

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 21. 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 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 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 2023, the current service cost amounted to \$10,457,125 (2022 - \$9,807,512).

### 22. 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	Total
Peterborough Child Care	139,142	324,358	463,500
Pearson Child Care	129,742	294,001	423,743
School Age Programs	68,990	131,429	200,419
	337,874	749,788	1,087,662

### 23. TRUST FUNDS

Trust funds administered by the City amounting to \$358,272 (2022 - \$352,226) 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.

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

For the Year Ended December 31, 2023

**24. BUDGET FIGURES**

The budget, approved by the City, for 2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Net Debt). 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.

**25. LEASE COMMITMENTS**

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

	Total \$
2024	2,837,539
2025	2,837,539
2026	472,922
<b>Total minimum lease payments</b>	<b>6,148,000</b>

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.

**26. CONTINGENT ASSETS**

The Corporation of the City of Peterborough is involved as a plaintiff in several lawsuits involving general contractors. 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 litigation will have a material effect on its financial position.

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 27. 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.

### 28. 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.

*Draft July 30, 2024*

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

For the Year Ended December 31, 2023

**29. 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.

**30. 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, 2023 is \$1,152,364 (2022 - \$1,524,325).

**31. 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.

The Provincial Offences Office net revenues are jointly shared by the County of Peterborough and the City of Peterborough based on weighted assessments. During 2023, the proportion based on weighted assessment for the City was 44.3% (2022 - 44.5%).

	2023		2022	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	1,947,902	862,921	1,732,241	770,847
Expenses	1,549,720	686,526	1,295,276	576,398
Net revenues	398,182	176,395	436,965	194,449

Included in the Consolidated Statement of Financial Position is an amount due from/(to) the County of Peterborough of \$(54,394) (2022 - \$(8,047)).

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 32. 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.

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.

*Draft July 30, 2024*



## CORPORATION OF THE CITY OF PETERBOROUGH

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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#### 32. SEGMENTED INFORMATION, continued

##### **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.

##### **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.

#### 33. 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.

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*Draft July 30, 2024*

## CORPORATION OF THE CITY OF PETERBOROUGH

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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#### 34. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the City assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The City is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise. These risks are generally outside the control of the City but are mitigated by the City's investment policies, which prescribe the asset mix of investments including the amount of foreign content and credit ratings of bond issuers.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The City reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The City monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

(c) Market risk

The City is exposed to certain market risks including changes in pricing of investments. The value of mutual funds changes with stock market conditions, which are affected by market conditions and a general economic outlook.

In the opinion of management, the City is not exposed to any significant liquidity or currency risk.

*Draft July 30, 2024*

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

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**For the Year Ended December 31, 2023**

	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Asset Retirement Obligation	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Other Adjustments	Closing Balance	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>General</b>											
Land and land improvements	173,728,231	2,769,771	469,298	7,417,463	183,446,167	49,456,152	4,146,750	181	53,602,721	129,843,446	124,272,079
Buildings and leaseholds	322,491,565	46,782,493	562,437	44,331,733	413,043,354	157,418,117	10,985,649	261,988	168,141,778	244,901,576	165,073,448
Machinery and equipment	57,019,444	6,858,690	24,504	-	63,853,630	34,618,324	4,325,119	19,391	38,924,052	24,929,578	22,401,120
Vehicles	59,688,967	7,514,102	626,018	-	66,577,051	33,718,087	4,006,106	506,459	37,217,734	29,359,317	25,970,880
Books and materials	3,029,721	290,096	471,782	-	2,848,035	2,023,823	195,907	471,782	1,747,948	1,100,087	1,005,898
	615,957,928	64,215,152	2,154,039	51,749,196	729,768,237	277,234,503	23,659,531	1,259,801	299,634,233	430,134,004	338,723,425
<b>Infrastructure</b>											
Land and land improvements	26,616,546	-	-	-	26,616,546	285,752	24,848	-	310,600	26,305,946	26,330,794
Buildings	60,145,215	2,516,776	-	38,950	62,700,941	34,224,434	1,313,546	-	35,537,980	27,162,961	25,920,781
Machinery and vehicles	1,796,908	646,393	242,343	-	2,200,958	1,535,999	66,286	205,832	1,396,453	804,505	260,909
Roadways and sidewalks	319,838,777	23,444,444	386,975	-	342,896,246	141,603,970	9,093,606	180,282	150,517,294	192,378,952	178,234,807
Storm sewer system	98,834,158	41,281,239	49,826	-	140,065,571	29,402,851	1,771,187	3,387	31,170,651	108,894,920	69,431,307
Wastewater system	128,868,375	15,597,089	67,625	-	144,397,839	51,190,774	3,166,895	-	54,357,669	90,040,170	77,677,601
Water system	192,720,201	8,676,264	-	16,100	201,412,565	106,263,284	4,827,325	-	111,090,609	90,321,956	86,456,917
	828,820,180	92,162,205	746,769	55,050	920,290,666	364,507,064	20,263,693	389,501	384,381,256	535,909,410	464,313,116
<b>Assets under construction</b>	156,499,683	(23,516,270)	-	-	132,983,413	-	-	-	-	132,983,413	156,499,683
<b>Total</b>	1,601,277,791	132,861,087	2,900,808	51,804,246	1,783,042,316	641,741,567	43,923,224	1,649,302	684,015,489	1,099,026,827	959,536,224

*Draft July 30, 2024*

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

**CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE**  
**For the Year Ended December 31, 2023**

	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	19,094,828	51,969,683	31,342,305	7,942,517	7,158,524	9,993,098	5,421,660	17,964,523	6,115,890	-	157,003,028
Taxation from other governments	478,532	1,302,403	785,464	199,046	179,398	250,435	135,871	450,206	153,269	-	3,934,624
User fees and service charges	1,709,827	1,509,214	7,294,672	43,710,841	326,353	5,736,105	8,688,860	10,088,005	1,068,833	-	80,132,710
Government grants and other municipalities	309,108	8,369,554	11,683,800	4,654,528	8,230,488	80,693,296	23,750,835	8,234,423	850,296	-	146,776,328
Developer levies and other ontributions	2,255,688	50,580	1,707,381	584,079	-	-	157,595	1,005,320	20,843	-	5,781,486
Licenses, permits, royalties and rents	1,833,618	2,427,449	979,635	170,392	-	-	-	1,075,966	563,865	-	7,050,925
Fines and other charges	-	1,950,042	902,320	-	-	-	-	9,182	48,000	-	2,909,544
Penalties and interest on taxes	1,061,298	-	-	-	-	-	-	-	-	-	1,061,298
Investment income	579,614	1,725,729	1,443,823	2,051,168	309,921	511,057	941,716	785,680	186,975	-	8,535,683
Donations and contributed capital	-	-	120	-	-	-	10,000	759,186	12,337,871	-	13,107,177
Casino and gaming revenue	3,010,980	-	-	-	-	-	-	-	-	-	3,010,980
Income from GBE	-	-	-	-	-	-	-	-	-	6,661,000	6,661,000
Gain/(loss) on disposal of TCA	(364,794)	78,072	(220,247)	(111,915)	-	-	1,034,402	744,129	643,879	-	1,803,526
Other	1,244,547	80,788	7,276	1,085,625	101,490	-	610,976	209,526	80,378	-	3,420,606
<b>Total revenues</b>	<b>31,213,246</b>	<b>69,463,514</b>	<b>55,926,549</b>	<b>60,286,281</b>	<b>16,306,174</b>	<b>97,183,991</b>	<b>40,751,915</b>	<b>41,326,146</b>	<b>22,070,099</b>	<b>6,661,000</b>	<b>441,188,915</b>
<b>Expenses</b>											
Salaries and benefits	13,523,382	53,223,002	22,466,006	6,007,826	7,844,879	28,297,301	4,058,109	12,299,528	3,612,549	-	151,332,582
Interest charges	148,733	24,697	1,971,263	741,320	52,293	-	893,024	722,026	301,701	-	4,855,057
Materials	3,318,664	5,346,472	12,407,527	4,094,720	937,023	3,902,386	9,544,189	5,086,557	408,374	-	45,045,912
Contracted services	7,866,740	2,328,091	8,153,917	20,898,392	7,493,636	2,717,184	9,560,958	5,746,717	3,110,631	-	67,876,266
Rents and financial	(11,331)	122,845	53,825	2,322,097	9,768	816,948	1,854,064	534,443	11,330	-	5,713,989
External transfers	1,089,416	1,495,287	-	375	752,298	57,047,338	7,175,769	3,228,156	1,565,052	-	72,353,691
Amortization	2,795,614	1,647,192	15,787,303	13,451,818	130,530	710,531	4,343,962	5,012,260	44,014	-	43,923,224
Internal transfers	5,320,177	(1,352,686)	(7,743,385)	2,629,126	-	853,375	51,019	1,101,881	(859,507)	-	-
Landfill adjustment - change in standards	-	-	-	4,657,181	-	-	-	-	-	-	4,657,181
<b>Total expenses</b>	<b>34,051,395</b>	<b>62,834,900</b>	<b>53,096,456</b>	<b>54,802,855</b>	<b>17,220,427</b>	<b>94,345,063</b>	<b>37,481,094</b>	<b>33,731,568</b>	<b>8,194,144</b>	<b>-</b>	<b>395,757,902</b>
<b>Net surplus/(deficit)</b>	<b>(2,838,149)</b>	<b>6,628,614</b>	<b>2,830,093</b>	<b>5,483,426</b>	<b>(914,253)</b>	<b>2,838,928</b>	<b>3,270,821</b>	<b>7,594,578</b>	<b>13,875,955</b>	<b>6,661,000</b>	<b>45,431,013</b>

*Draft July 30, 2024*

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
Developer levies and other ontributions	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 and contributed capital	121	-	50	-	-	-	-	359,096	17,500	-	376,767
Casino and gaming revenue	2,655,458	-	-	-	-	-	-	-	-	-	2,655,458
Income from GBE	-	-	-	-	-	-	-	-	-	5,216,000	5,216,000
Gain/(loss) on disposal of TCA	(729,559)	(55,861)	(14,129)	(94,386)	-	-	1,015,581	(113,544)	(50,380)	-	(42,278)
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>27,244,030</b>	<b>63,638,499</b>	<b>51,762,494</b>	<b>57,213,967</b>	<b>16,358,392</b>	<b>90,920,475</b>	<b>30,821,119</b>	<b>28,795,368</b>	<b>7,361,900</b>	<b>5,216,000</b>	<b>379,332,244</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	4,479,495	380,627	-	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
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>36,724,821</b>	<b>58,316,000</b>	<b>51,692,735</b>	<b>43,180,062</b>	<b>16,396,510</b>	<b>88,191,339</b>	<b>28,042,370</b>	<b>29,182,342</b>	<b>6,929,689</b>	<b>-</b>	<b>358,655,868</b>
<b>Net surplus/(deficit)</b>	<b>(9,480,791)</b>	<b>5,322,499</b>	<b>69,759</b>	<b>14,033,905</b>	<b>(38,118)</b>	<b>2,729,136</b>	<b>2,778,749</b>	<b>(386,974)</b>	<b>432,211</b>	<b>5,216,000</b>	<b>20,676,376</b>

*Draft July 30, 2024*

## **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, 2023, 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, 2023, 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 30, 2024*

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 30, 2024*

## 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 12, 2024

*Draft July 30, 2024*



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

**TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2023**

	City Parks \$	Special Holdings \$	Safety Patrol \$	Cenotaph \$	Library \$	Morrow Park \$	Parks Hancock \$	Parks Tollington Endowment \$	Residents' Personal \$	2023 Total \$	2022 Total \$
<b>FINANCIAL ASSETS</b>											
Cash	141,871	21,898	35,935	2,426	21,501	7,770	38,914	12,354	119,784	402,453	369,244
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES</b>											
Accounts payable	-	-	-	-	1,069	-	-	-	-	1,069	541
Due to revenue fund/Fairhaven	-	-	-	-	-	-	-	-	43,112	43,112	16,477
	-	-	-	-	1,069	-	-	-	43,112	44,181	17,018
<b>FUND BALANCES</b>	141,871	21,898	35,935	2,426	20,432	7,770	38,914	12,354	76,672	358,272	352,226
	141,871	21,898	35,935	2,426	21,501	7,770	38,914	12,354	119,784	402,453	369,244

The accompanying note is an integral part of these financial statements

*Draft July 30, 2024*

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

**TRUST FUNDS**  
**STATEMENT OF CONTINUITY**  
**For the Year Ended December 31, 2023**

	City Parks	Special Holdings	Safety Patrol	Cenotaph	Library	Morrow Park	Parks Hancock	Parks Tollington Endowment	Residents' Personal	2023 Total	2022 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>BALANCES - beginning 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
<b>RECEIPTS</b>											
Deposits and grants	-	-	-	-	-	-	-	-	101,395	101,395	105,212
Transfer from Fairhaven	-	-	-	-	-	-	-	-	34,910	34,910	28,686
Interest Income	7,153	1,104	1,934	371	1,112	392	1,962	622	-	14,650	6,825
	7,153	1,104	1,934	371	1,112	392	1,962	622	136,305	150,955	140,723
<b>EXPENSES</b>											
Transfer to operations	-	-	-	153	1,069	-	-	-	-	1,222	765
Withdrawals, purchases	-	-	2,423	-	-	-	-	-	121,930	124,353	100,799
Resident maintenance	-	-	-	-	-	-	-	-	17,130	17,130	14,068
Donations	-	-	-	-	-	-	-	-	2,204	2,204	1,017
	-	-	2,423	153	1,069	-	-	-	141,264	144,909	116,649
<b>BALANCES - end of year</b>	141,871	21,898	35,935	2,426	20,432	7,770	38,914	12,354	76,672	358,272	352,226

The accompanying note is an integral part of these financial statements

*Draft July 30, 2024*

# CORPORATION OF THE CITY OF PETERBOROUGH

## TRUST FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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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, 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 30, 2024*