



City of
Peterborough

500 George Street North, Peterborough, ON K9H 3R9

August 25, 2025

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

Treasurer's Report on the 2024 Financial Statements for the Corporation of the City of Peterborough

Introduction

I am pleased to present the Financial Statements for the Corporation of the City of Peterborough (the City) for the period ending December 31, 2024. 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 annual operating and capital budget is an accountability process. The budget shows what the City plans to do with its financial resources over the coming fiscal year. The 2024 Budget was adopted on December 11, 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.

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"> • City of Peterborough • Peterborough Public Library Board • Peterborough Downtown Business Improvement Area • The Village Business Improvement Area • Peterborough Housing Corporation • Peterborough Utilities Commission • Peterborough Tourism Municipal Services Corporation 	<ul style="list-style-type: none"> • Fairhaven (66%) • Peterborough Public Health (57%) • Peterborough County-City Waste Management Facility (50%) 	<ul style="list-style-type: none"> • City of Peterborough Holdings Inc.

External Audit

The financial statements have been audited by the City's external auditors, Baker Tilly KDN LLP, in accordance with Generally Accepted Auditing Standards. The auditors have expressed an unqualified opinion that these statements present fairly the financial position of the City. In addition, separate audit examinations have been completed for all of the local boards and agencies and reports have been rendered to their oversight bodies. The auditors are also responsible for advising management and the 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 2024, the City recorded consolidated revenues of \$461 million (2023 - \$441 million).

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

Chart 2 - Consolidated Revenues

	2024		2023		Variance Increase (Decrease)
	\$	%	\$	%	\$
Property taxation	169,402,886	36.8%	157,003,028	35.6%	12,399,858
Taxation from other governments	4,288,671	0.9%	3,934,624	0.9%	354,047
User fees and service charges	74,856,704	16.2%	71,443,851	16.2%	3,412,853
Government grants and other municipalities	155,249,951	33.7%	146,776,328	33.3%	8,473,623
Developer levies and other contributions	6,968,486	1.5%	5,781,486	1.3%	1,187,000
Licenses, permits, royalties and rents	16,200,924	3.5%	15,739,784	3.6%	461,140
Fines and other charges	2,857,875	0.6%	2,909,544	0.7%	(51,669)
Penalties and interest on taxes	1,215,523	0.3%	1,061,298	0.2%	154,225
Investment income	10,549,373	2.3%	8,535,683	1.9%	2,013,690
Donations and contributed capital	1,653,946	0.4%	13,107,177	3.0%	(11,453,231)
Casino and gaming revenue	2,809,123	0.6%	3,010,980	0.7%	(201,857)
Income from government business enterprise	8,105,000	1.8%	6,661,000	1.5%	1,444,000
Gain/(loss) on disposal of tangible capital asset	1,666,358	0.4%	1,803,526	0.4%	(137,168)
Other	4,916,252	1.1%	3,420,606	0.8%	1,495,646
Total Consolidated Revenues	460,741,072	100.1%	441,188,915	100.1%	19,552,157

Revenues increased \$19.5 million due to several factors:

- The net property taxation levy was \$12.4 million higher than the previous year. The approved tax increase was 7% which equated to \$14.7 million. In-year assessment changes by MPAC resulting in supplementary assessment changes and write-offs netted to a reduction in taxation revenue of \$2.3 million.
- User fees and service charges increased by \$3.4 million over the previous year due to increases in corporate sponsorships, revenue from the Fire Dispatch contracts, and transit fares, as well as increased user fees approved for 2024.
- Government grants increased by \$8.5 million which is primarily due to federal funding received for the 681 Monaghan Road housing project.
- Developer levies and other contributions increased by \$1.2 million due to increased development charges recognized in 2024 as projects were completed.
- Investment income increased by \$2 million primarily due to the returns on the equity fund in the Legacy Fund investments.
- Donations and contributed capital decreased by \$11.5 million, as the 2023 results included a one-time amount of \$12.3 million for the recognition of a subdivision that was assumed by the City during 2023. The 2024 revenue level

is comparable to years prior to 2023.

- Income from government business enterprise increased by \$1.4 million due to an additional one-time dividend received from CoPHI to fund the transition costs incurred in 2024 for the moving the water services and zoo operations from PUC to the City.
- Other revenue was \$1.5 million higher in 2024 which includes \$670,000 increase in municipal tax incentive adjustments, \$100,000 in Municipal Accommodation Tax and \$500,000 increase in consolidated miscellaneous revenues from PHC and PUC.

Consolidated expenses totaled \$422 million (2023 - \$394 million).

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

Chart 3 - Consolidated Expenses

	2024		2023		Variance Increase (Decrease) \$
	\$	%	\$	%	
General government	45,915,791	10.9%	34,051,395	8.6%	11,864,396
Protection services	69,698,767	16.5%	62,834,900	15.9%	6,863,867
Transportation services	58,052,449	13.8%	53,096,456	13.5%	4,955,993
Environmental services	45,329,613	10.7%	50,145,674	12.7%	(4,816,061)
Health services	17,376,676	4.1%	17,220,427	4.4%	156,249
Social and family services	103,396,377	24.5%	94,345,063	23.9%	9,051,314
Social housing	40,531,203	9.6%	35,832,811	9.1%	4,698,392
Recreation and cultural services	34,682,927	8.2%	33,731,568	8.6%	951,359
Planning and development	6,936,809	1.7%	8,194,144	2.1%	(1,257,335)
Landfill adjustment - change in standards	-	0.0%	4,657,181	1.2%	(4,657,181)
Total Consolidated Expenses	421,920,612	100.0%	394,109,619	100.0%	27,810,993

Total operating expenses increased by \$27.8 million in 2024 as compared to 2023. There were increases in many operational costs as additional spending was approved in the City's 2024 budget. Environmental Services costs includes a negative \$3.3 million cost adjustment related to the timing of the Landfill costs, resulting in an overall decrease in Environmental Services expenses. In 2024 Planning and Development expenses included lower contracted services and external transfers expenses than in 2023. The \$4.6 million expense for Landfill adjustment in 2023 was a one-time expense as a result of a change in accounting standard for Asset Retirement Obligations that was implemented in 2023.

Under current reporting standards, the City has an annual amortization charge of \$46.4 million (2023 - \$43.9 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 \$134 million (2023 - \$120.5 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 debt of \$77.0 million (2023 – \$34.9 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 debt position is an indicator that the revenues raised during the year were less than the funding required to cover both the operating and capital spending that took place during the year, and the difference was covered by an increase in debentures and use of reserves. The decrease of \$42.1 million in the net debt position resulted primarily from revenues being in excess of operating expenses by \$38.8 million and amortization of tangible capital assets of \$46.4 million to finance the acquisition of tangible capital assets totaling \$132.9 million and proceeds on sale of tangible capital assets of \$4.2 million.

The accumulated surplus of \$1.111 million (2023 - \$1.072 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

	2024	2023
	\$	\$
Surplus (Deficit)		
Unexpended financing	10,208,881	7,694,214
	10,208,881	7,694,214
Consolidated Entities		
Peterborough Public Health	-	(11,835)
The Village Business Improvement Area	10,056	10,056
Peterborough Downtown Business Improvement Area	151,941	82,068
Peterborough Utilities Commission	13,726,755	13,848,072
Peterborough Tourism MSC	456,202	
	14,344,954	13,928,361
Unfunded amounts		
Unfunded employee future benefits	(53,163,068)	(42,921,876)
Accrued interest on long term debt	(2,080,269)	(1,198,070)
	(55,243,337)	(44,119,946)
Equity in GBE		
	67,179,092	65,616,092
Invested in Capital Assets		
Tangible capital assets - net book value	1,184,137,336	1,099,026,827
Short and long term debt	(237,747,159)	(162,350,479)
Unfunded capital	(15,262,300)	(43,283,455)
Unfunded asset retirement obligation	(77,217,044)	(79,032,935)
	853,910,833	814,359,958
Reserve Funds and Reserves		
Discretionary reserve funds	53,327,476	47,592,776
Reserves	167,475,509	167,311,493
	220,802,985	214,904,269
	1,111,203,408	1,072,382,948

Conclusion

The level of capital spending throughout 2024 increased over prior years at \$134 million (2023 - \$120.5 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