



City of
Peterborough

TO: **Members of the Audit Committee**

FROM: **Brian W. Horton, Senior Director of Corporate Services**

MEETING DATE: **June 15, 2009**

SUBJECT: **Report CPFRAS09-006**
Treasurer's Report, 2008 Consolidated Financial Report, 2008
Trust Funds Financial Statement and Five-Year Review

PURPOSE

A report to recommend the "Treasurer's Report, 2008 Consolidated Financial Report, the 2008 Trust Funds Financial Statement and Five Year Review" be received, that underlying accounting policies be approved, and the 2008 Financial Report be received and submitted to the Province.

RECOMMENDATIONS

That Council approve the recommendations outlined in report CPFRAS09-006 dated June 15, 2009, of the Senior Director of Corporate Services as follows:

- a) That Report CPFRAS09-006 providing Audit Committee members with a copy of Report CPFRAS09-006 "Treasurer's Report, 2008 Consolidated Financial Report, 2008 Trust Funds Financial Statement and Five Year Review" be received as information.
- b) That the 2008 Financial Report, as presented and received, be submitted to the Province of Ontario.

BUDGET AND FINANCIAL IMPLICATIONS

There are no additional budget and financial implications of receiving this report.

BACKGROUND

Each year the City must undergo an audit mandated by the Province. The audit involves the City's external Auditor, Collins Barrow Kawarthas LLP, conducting their 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, Five Year Review are supplementary to the Financial Report. They are used to summarize, highlight and evaluate the financial health of the City and confirm its ability to meet future obligations. Although there is no separate audit report attached to these reports, they are generated from the same information used to compile the year-end financial statements.

Submitted by,

Brian W. Horton
Senior Director of Corporate Services

Contact Person

Brian Horton
Senior Director of Corporate Services
Phone: 705-742-7777 Ext 1863
Fax: 705-748-8839
E-mail Address: bhorton@peterborough.ca

Appendix A - Treasurer's Report on the 2008 Financial Report for the City of
Peterborough

Appendix B - City of Peterborough – Five Year Review

Appendix C - Consolidated Financial Report

Appendix D - Trust Funds Financial Report

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

Treasurer's Report

December 31, 2008



June 15, 2009

TO: The Mayor and Members of
Council and Residents of the City of Peterborough

Treasurer's Report on the 2008 Financial Report for the City of Peterborough

INTRODUCTION

I am pleased to present the Financial Report for the City of Peterborough for the period ending December 31, 2008. 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 2008 budget was approved by Council December 10, 2007.

The operating budget is distinguished from the capital budget. The operating budget provides for the day-to-day expenditures of the Corporation for items such as salaries, wages, benefits, utilities, building maintenance supplies, etc., whereas 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 prepared in parallel but closely linked in recognition of the impact that each has on the other.

AUDIT COMMITTEE

The Audit Committee assists Council in the provision of effective municipal government. Its fundamental responsibility is overseeing three key processes related to: the Corporation's financial risks and internal control; financial reporting; and the external audit process.

FINANCIAL STATEMENTS

The accompanying consolidated financial statements are the responsibility of the management of the City of Peterborough. As with all Ontario municipalities, they have been prepared in accordance with the accounting principals and guidelines of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

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. Some of the organizations are fully (100 %) consolidated whereas others fall under a Proportionate Consolidation, meaning they are only partially consolidated. 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, liabilities, revenues and expenditures (including capital expenditures) are combined on a line-by-line basis in the financial statements. Government business enterprises are 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 gives a summary of the organizations included.

Chart 1

Full Consolidation	Proportionate Consolidation	Modified Equity Basis
<ul style="list-style-type: none"> - City of Peterborough - Peterborough Public Library - Peterborough Downtown Business Improvement Area - The Village Business Improvement Area - Peterborough Housing Corporation 	<ul style="list-style-type: none"> - Fairhaven Home (66%) - Peterborough County-City Health Unit (57%) - Greater Peterborough Area Economic Development Corporation (60%) - Peterborough County-City Waste Management Facility (50%) 	<ul style="list-style-type: none"> - City of Peterborough Holdings Inc. - Peterborough Utilities Commission - Water Utility

EXTERNAL AUDIT

The Financial Statements have been audited by the City's external auditors, Collins Barrow Kawarthas LLP in accordance with Generally Accepted Auditing Standards. The auditors have expressed an unqualified or "clean" opinion that these statements "present fairly" the financial position of the City. In addition, separate audit examinations have been completed for all the local boards, and agencies and reports have been rendered to their oversight bodies. The auditors are also responsible for advising management and the Audit Committee of City Council of any control or operational issues that may have been identified during the audit. As such, they must be independent and communicate independence in accordance with Canadian professional requirements.

FINANCIAL HIGHLIGHTS

Municipalities in Ontario use Fund Accounting as the basis of recording and reporting all financial transactions. Three types of funds make up the City's financial statements: Operating Fund, Capital Fund and Reserve Funds. Each of these funds has a specific defined use; within that use, expenditures are financed by various sources. The results 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 31st, whereas the Statement of Financial Activities summarizes the accumulated transactions that have occurred throughout the calendar year.

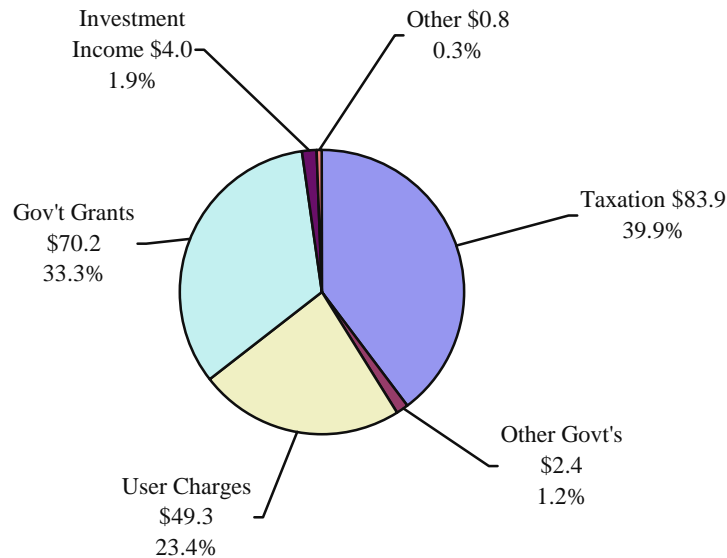
OPERATING FUND

The Operating Fund is the fund into which most of the main sources of financing available to the City flow, a notable exception being the proceeds of long-term debt financing. Taxation revenue, government grants, investment income, service charges, licenses and permits, etc., are all recorded in this fund.

The \$210.6 Million of revenues reported in 2008 exceeded the \$205.7 Million budget by \$4.9 Million or 2.4%. The variance was largely due to higher than anticipated user charges, government grants and investment income offset by lower than expected taxation revenue.

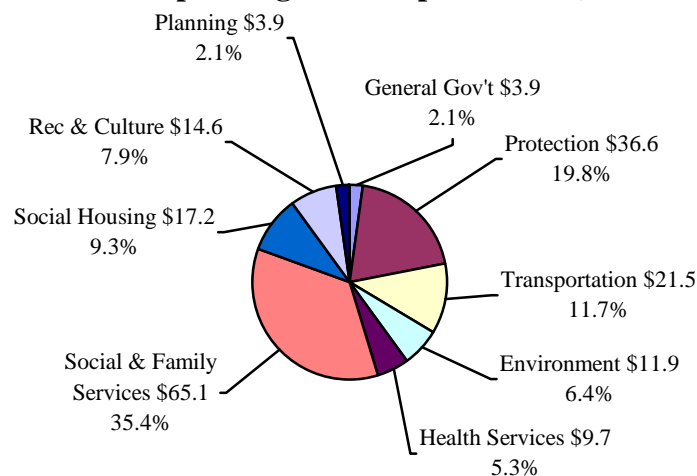
The following graph identifies the major sources of revenues:

2008 Operating Fund Revenues (\$210.6 M)



If the Financing and Transfers to other funds are removed from the \$205.7 Million budget, there remains \$185.5 Million, which is used to sustain services in each of the functional areas identified in the graph below. Actual spending of \$184.4 Million was below budgeted expenditures by \$1.1 Million or 0.6%.

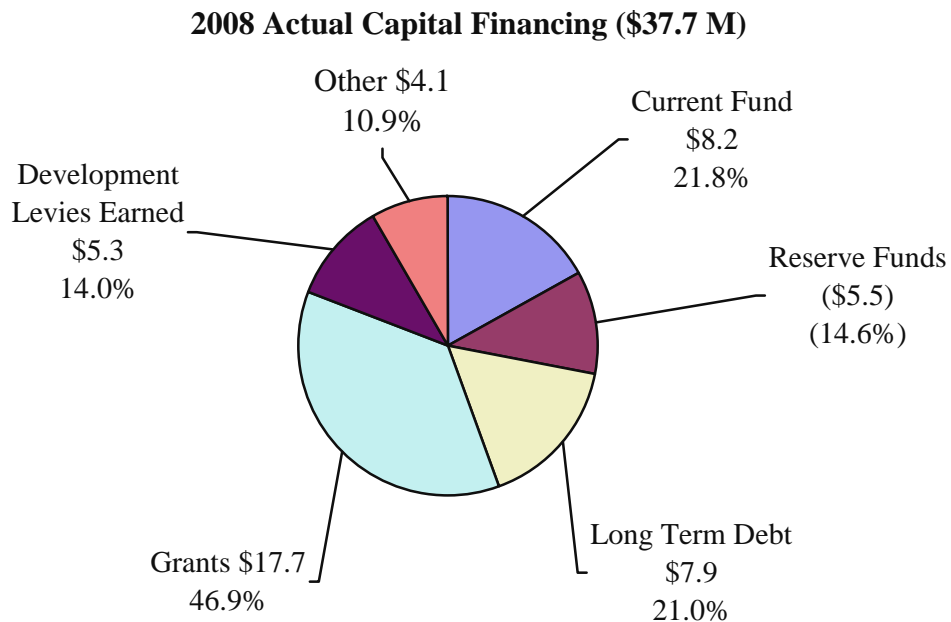
2008 Actual Operating Fund Expenditures (\$184.4 M)



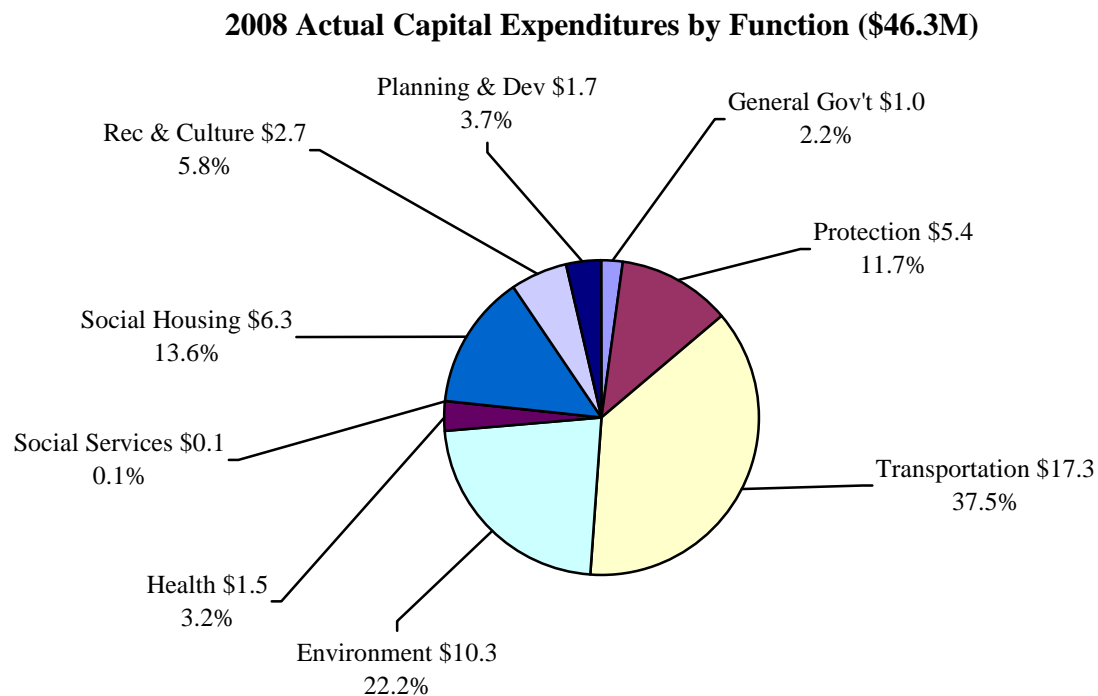
CAPITAL FUND

The capital fund is used to record the financing sources and expenditures for the acquisition, rehabilitation or replacement of the capital assets of the municipality. In general, capital assets refer to buildings, equipment and infrastructure of the municipality. Examples of expenditures include Road Repaving, Sanitary and Storm Sewer reconstruction, Flood Reduction Master Plan initiatives, Computerized Traffic Signal Upgrades and upgrades to the Waste Water Treatment Plant. For capital spending, budgets are set for individual projects and funding sources include reserve funds, the operating fund, applicable grants, long-term debt, or other funds available for specific capital projects. The timing of expenditures and related financing along with the percentage of completion of the various projects will impact the fund balance at year-end.

The following graph highlights the financing activity in the capital program over the past year:



The following graph illustrates the capital expenditures in each of the functional areas.



RESERVE FUNDS

The Reserve and Reserve Fund balances of \$78.1 Million (2008 - \$54.2 Million) represent funds that have been set aside by Council to offset future expenditures in either the capital or operating funds.

MUNICIPAL POSITION

For 2008, the total of the City's accumulated fund balances were \$246.5 Million (2007 - \$224.1 Million). The Funds are listed in detail on the Statement of Financial Position. The principal amount of outstanding debt along with other unfunded liabilities in the amount of \$88.3 Million (2007 - \$84.2 Million) is deducted from the fund balance total to determine the net "Municipal Position". This net "Municipal Position" represents funding available to offset future revenue requirements and amounts that have been set aside to finance future expenditures.

The Net Municipal Position for 2008 of \$158.3 Million (2007 – \$139.9 Million) represents an increase of \$18.4 Million from 2007. Significant contributing factors to the overall increase is a growth in equity of \$7.5 Million in the City's government business enterprises, an increase in Reserves and Reserve Funds of \$23.9 Million offset by a decrease of \$9.0 Million combined in the Operating and Capital Fund and an increase of \$4.0 Million in amounts to be recovered. The increase in amounts to be recovered stems from a net rise in the City's long-term liabilities due to the debenture issue of \$3.0M and an increase in employee future benefits of approximately \$1.0M.

NEW FINANCIAL STATEMENT REPORTING MODEL

For 2009, the City of Peterborough, like all local governments in province of Ontario will adopt a new financial statement reporting model. The new model supports a full accrual accounting format and reflects changes in Public Sector Accounting Standards that became effective January 1, 2009. Elements like tangible capital assets are added on the Statement of Financial Position and capital fund expenditures, as we know them, are removed from the Statement of Operations and replaced by an expense called amortization. In addition, financial impacts resulting from adjustments to employee future benefits, interest accruals and closure and post closure costs associated with the landfill site are no longer negated from the bottom line, but allowed to impact surplus directly.

Since the adoption of Public Sector Accounting Standards, there have been three (3) statements: a Consolidated Statement of Changes in Financial Position (i.e. a balance sheet), a Consolidated Statement of Operations (i.e. an income statement) and a Consolidated Statement of Cash Flow. New for 2009 is a 4th statement called a Statement of Change in Net Financial Assets. This statement will provide important accountability information regarding the extent to which expenditures (i.e. goods and services acquired during the year) are met by the revenues recognized in the fiscal period.

CONCLUSION

The City of Peterborough, like many other Municipalities, faces a number of financial challenges as it attempts to continue to provide a reasonable level of service to its constituents while responding to pressing infrastructure requirements. The City welcomes non-tax based financing sources of revenues such as the Federal and Provincial gas tax sharing initiatives as one mechanism to help alleviate growing financial pressures.

All staff at the City of Peterborough strive to ensure that our constituents are well served, both now and in the future.

Submitted by,

Brian W. Horton
Senior Director of Corporate Services

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

Five Year Review

December 31, 2008

CITY OF PETERBOROUGH

FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2008	2007	2006	2005	2004
CURRENT PROGRAM ACTIVITY					
Revenues					
Taxation	83,870	81,512	77,733	74,454	70,015
Taxation from other governments	2,429	2,472	2,357	2,356	2,312
Ontario grants	56,323	53,830	49,201	49,238	44,238
Other grants	13,828	13,920	14,218	12,526	10,525
Fees and service charges	49,319	47,208	44,952	41,553	37,817
Other	4,838	5,220	7,309	6,525	6,018
	210,607	204,162	195,770	186,652	170,925
Expenditures	184,417	180,321	168,358	159,589	147,583
Net Revenues	26,190	23,841	27,412	27,063	23,342
Financing and transfers	26,528	23,807	27,109	27,006	22,592
Change in current fund balance	(338)	34	303	57	750
Opening current fund balance	1,342	1,308	1,005	948	198
Closing current fund balance	1,004	1,342	1,308	1,005	948

CAPITAL PROGRAM ACTIVITY

Revenues					
Government grants	17,677	8,254	7,284	7,963	23,019
Development levies earned	5,273	1,300	1,665	3,532	2,571
Other	4,072	2,708	2,636	3,854	8,029
	27,022	12,262	11,585	15,349	33,619
Expenditures	46,315	37,422	38,105	33,929	54,224
Net expenditures	(19,293)	(25,160)	(26,520)	(18,580)	(20,605)
Financing and transfers	10,635	21,543	24,278	28,346	18,685
Change in capital fund balance	(8,658)	(3,617)	(2,242)	9,766	(1,920)
Opening capital fund balance	6,948	10,565	12,807	3,041	4,961
Closing capital fund balance	(1,710)	6,948	10,565	12,807	3,041

RESERVES AND RESERVE FUNDS	78,132	54,243	46,269	43,727	38,795
-----------------------------------	--------	--------	--------	--------	--------

CITY OF PETERBOROUGH

FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2008	2007	2006	2005	2004
NET LONG TERM LIABILITIES					
For general municipal activities	53,136	49,739	49,910	51,350	46,531
For municipal enterprises	4,497	4,954	5,384	5,789	6,171
	57,633	54,693	55,294	57,139	52,702
General municipal activities net long term liabilities as % of CVA	0.9%	0.9%	0.9%	1.1%	1.1%
CHARGES FOR NET LONG TERM LIABILITIES					
General municipal activities and for municipal enterprise	7,920	7,672	7,768	7,521	8,700
TAXABLE ASSESSMENT					
Residential and farm	4,878,393	4,747,002	4,667,684	3,816,233	3,727,727
Commercial and industrial	811,357	804,513	775,595	705,069	681,976
	5,689,750	5,551,515	5,443,279	4,521,302	4,409,703
Percentage increase/decrease from previous year	2.49%	1.99%	20.39%	2.53%	12.02%
Commercial / industrial assessment as percentage of total	14.3%	14.5%	14.2%	15.6%	15.5%
VALUE OF BUILDING PERMITS ISSUED					
Residential	71,028	91,550	39,805	60,331	52,242
Commercial	39,598	26,084	16,714	28,235	11,883
Industrial	8,068	6,310	4,188	13,844	18,467
Institutional *	26,172	719	3,251	13,513	183,526
	144,866	124,663	63,958	115,923	266,118
Percentage increase (decrease) from previous year	16.2%	94.9%	-44.8%	-56.4%	195.4%
* 2004 includes a value of \$180 Million for the Peterborough Regional Health Centre					
* 2008 includes a value of \$15 Million for the expansion of the DNA Cluster at Trent University					
TAX LEVY AND ARREARS					
Tax levy					
Current year's tax levy	114,472	110,907	106,938	101,836	96,631
Percentage increase over previous year	3.2%	3.7%	5.0%	5.4%	7.7%
Tax arrears					
Total arrears end of year	5,430	4,918	4,807	5,425	4,214
Percentage increase (decrease) over previous year	10.4%	2.3%	-11.4%	28.7%	4.5%
Tax arrears as a percentage of current tax levy	4.7%	4.4%	4.5%	5.3%	4.4%

CITY OF PETERBOROUGH

FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2008	2007	2006	2005	2004
RATES OF TAXATION					
Municipal tax rates					
Residential	1.2413430%	1.2153940%	1.1763500%	1.3286950%	1.2776270%
Multi-residential	2.5139680%	2.4842650%	2.4044590%	2.7158530%	2.6114690%
New Multi-residential	1.2413430%	1.2153940%	N/A	N/A	N/A
Commercial	2.2864300%	2.2985530%	2.2247130%	2.5128280%	2.4162480%
Commercial Vacant	1.6005010%	1.6089870%	1.5572990%	1.7589800%	1.6913730%
Industrial	3.2245130%	3.1964860%	3.0938010%	3.5598830%	3.5732120%
Industrial Vacant	2.0959330%	2.0777160%	2.0109700%	2.3139240%	2.3225880%
Pipeline	1.5772500%	1.5442800%	1.4946700%	1.6882400%	1.6233530%
Farmlands	0.3103360%	0.3038490%	0.2940880%	0.3321740%	0.3194070%
Education tax rates					
Residential	0.2640000%	0.2640000%	0.2640000%	0.2960000%	0.2960000%
Multi-residential	0.2640000%	0.2640000%	0.2640000%	0.2960000%	0.2960000%
New Multi-residential	0.2640000%	0.2640000%	N/A	N/A	N/A
Commercial	1.9527950%	1.9599950%	1.9599950%	2.1426170%	2.1426170%
Commercial Vacant	1.3669570%	1.3719970%	1.3719970%	1.4998320%	1.4998320%
Industrial	2.8631850%	2.8889640%	2.8889640%	3.1127470%	3.1127470%
Industrial Vacant	1.8610700%	1.8778270%	1.8778270%	2.0232860%	2.0232860%
Pipeline	1.4310350%	1.4310350%	1.4310350%	1.4445040%	1.4445040%
Farmlands	0.0660000%	0.0660000%	0.0660000%	0.0740000%	0.0740000%
Combined municipal and education tax rates					
Residential	1.5053430%	1.4793940%	1.4403500%	1.6246950%	1.5736270%
Multi-residential	2.7779680%	2.7482650%	2.6684590%	3.0118530%	2.9074690%
Commercial	4.2392250%	4.2585480%	4.1847080%	4.6554450%	4.5588650%
Commercial Vacant	2.9674580%	2.9809840%	2.9292960%	3.2588120%	3.1912050%
Industrial	6.0876980%	6.0854500%	5.9827650%	6.6726300%	6.6859590%
Industrial Vacant	3.9570030%	3.9555430%	3.8887970%	4.3372100%	4.3458740%
Pipeline	3.0082850%	2.9753150%	2.9257050%	3.1327440%	3.0678570%
Farmlands	0.3763360%	0.3698490%	0.3600880%	0.4061740%	0.3934070%
POPULATION & SIZE					
Estimated Population (Maintained at 2006 Census level)	74,900	74,900	74,900	74,200	74,200
Area in acres	16,523	15,164	15,164	15,164	15,164
PER CAPITA INFORMATION					
Taxable assessment	75,965	74,119	72,674	60,934	59,430
Current expenditure	2,816	2,725	2,610	2,515	2,293
Net long-term debt for general municipal activities and municipal enterprise	769	730	738	770	710
Tax arrears	72	66	64	73	57

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

Consolidated Financial Report

December 31, 2008



City of Peterborough

500 George Street North, Peterborough Ontario, K9H 3R9

THE CORPORATION OF THE CITY OF PETERBOROUGH

For The Year Ended December 31, 2008

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the City of Peterborough and all the information in this annual report are the responsibility of management and have been reviewed by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. 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.

City Council is responsible for ensuring that management fulfills its responsibilities for financial reporting. Council, through the Audit Committee, reviews the City's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the City of Peterborough. The Audit Committee meets periodically with management, as well as the external auditors, 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 consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the City. Collins Barrow Kawarthas LLP have full and free access to the Council.

Mayor _____ Date _____

Chief Administrative Officer _____ Date _____

Senior Director of
Corporate Services/Treasurer _____ Date _____

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE CITY OF PETERBOROUGH

We have audited the consolidated statement of financial position of the Corporation of the City of Peterborough as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements, present fairly, in all material respects, the financial position of the City as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
May 1, 2009

City of Peterborough

Consolidated Statement of Financial Position

As at December 31, 2008

	2008 \$	2007 \$
ASSETS		
Financial Assets		
Cash and short-term deposits	84,893,775	68,971,276
Taxes receivable	3,586,539	3,226,608
Accounts receivable (Note 4)	17,957,604	14,851,505
Other current assets	36,390	26,990
Investments (Note 5)	13,920,309	16,895,040
Other receivables (Note 6)	541,030	599,633
Investment in Government Business Enterprises (Note 7)	174,874,252	167,353,949
Total	295,809,899	271,925,001
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	28,781,144	27,603,784
Deferred revenue - general	5,254,070	3,860,220
Deferred revenue - obligatory reserve funds (Note 10)	18,562,753	19,432,225
Employee benefits and other liabilities (Note 11)	28,096,529	27,165,966
Long-term liabilities (Note 12)	57,632,962	54,693,052
Total	138,327,458	132,755,247
Net Financial Resources	157,482,441	139,169,754
Other Assets		
Inventory and other non financial assets	792,705	743,693
Total Resources	158,275,146	139,913,447
MUNICIPAL POSITION		
Amounts to be recovered (Note 13)		
From reserves and reserve funds on hand	(3,665,535)	(3,520,817)
From future revenues	(84,609,127)	(80,702,710)
Total	(88,274,662)	(84,223,527)
Fund Balances		
Current Fund (Note 15)	1,003,765	1,341,771
Capital Fund (Note 15)	(1,709,800)	6,947,931
Reserves and Reserve Funds	78,131,591	54,243,323
Equity in Government Business Enterprises	169,124,252	161,603,949
Total	246,549,808	224,136,974
Contingent liabilities (Note 17)		
Total Municipal Position	158,275,146	139,913,447

The accompanying notes are an integral part of these consolidated financial statements.

City of Peterborough

Consolidated Statement of Changes in Financial Position

For the year ended December 31, 2008

	2008 \$	2007 \$
OPERATIONS		
Increase in Net Financial Resources	18,312,687	7,214,223
Less income from government business enterprises which does not involve cash	(10,773,091)	(7,566,091)
	7,539,596	(351,868)
Sources/(Uses):		
Taxes receivable	(359,931)	(123,849)
Accounts receivable	(3,106,099)	(1,124,085)
Other current assets	(9,400)	10,184
Other receivables	58,603	947,787
Accounts payable and accrued liabilities	1,177,360	4,438,090
Deferred revenue - general	1,393,850	(129,509)
Deferred revenue - obligatory reserve funds	(869,472)	5,070,114
Employee benefits and other liabilities	930,563	2,909,099
Net change in cash from operations	(784,526)	11,997,831
INVESTING		
Decrease/(Increase) in investments	2,974,731	(4,721,015)
FINANCING		
Long-term debt issued	7,876,800	4,054,265
Long-term debt repaid	(4,936,890)	(4,655,098)
Net change in cash from financing	2,939,910	(600,833)
Dividends received from government business enterprises	3,252,788	2,576,088
Net change in cash and short term deposits	15,922,499	8,900,203
Opening cash and short term deposits	68,971,276	60,071,073
Closing cash and short term deposits	84,893,775	68,971,276

The accompanying notes are an integral part of these consolidated financial statements.

City of Peterborough

Consolidated Statement of Financial Activities

For the year ended December 31, 2008

	Budget 2008 \$ (Unaudited)	2008 \$	2007 \$
REVENUES			
Property taxation	84,874,391	83,869,885	81,511,807
Taxation from other governments	2,472,778	2,428,810	2,472,109
User charges	47,617,093	49,319,154	47,207,501
Government grants	70,960,472	87,827,235	76,004,060
Development levies earned	2,615,700	5,273,245	1,367,412
Investment income	2,997,138	4,600,431	5,150,897
Penalties and interest on taxes	500,000	688,524	748,258
Sale of land	-	1,449,294	226,096
Other	3,643,933	2,815,438	2,702,203
Income from government business enterprises (Note 7(b))	-	10,773,091	7,566,091
Total Revenues	215,681,505	249,045,107	224,956,434
EXPENDITURES			
Current			
General government	5,458,262	3,874,611	5,991,575
Protection to persons and property	36,095,347	36,589,021	36,026,685
Transportation services	20,722,137	21,497,590	19,780,274
Environmental services	11,495,254	11,850,977	11,647,955
Health services	10,322,788	9,747,381	9,276,438
Social and family services	65,399,414	65,146,027	64,374,696
Social housing	18,005,812	17,230,052	15,672,060
Recreation and cultural services	14,554,226	14,608,584	14,279,929
Planning and development	3,474,626	3,872,826	3,271,206
Total Current Expenditures	185,527,866	184,417,069	180,320,818
Capital			
General government	1,597,821	1,020,919	969,078
Protection to persons and property	1,628,000	5,386,464	2,376,534
Transportation services	6,958,586	17,289,753	8,044,247
Environmental services	13,912,600	10,344,864	13,898,915
Health services	175,000	1,504,000	4,506,000
Social and family services	-	20,319	25,107
Social housing	6,200,000	6,310,992	1,156,042
Recreation and cultural services	4,371,876	2,725,915	3,984,109
Planning and development	1,999,000	1,712,125	2,461,361
Total Capital Expenditures	36,842,883	46,315,351	37,421,393
Increase/(Decrease) in Net Financial Resources	(6,689,244)	18,312,687	7,214,223
Increase in amounts to be recovered	779,667	4,051,135	2,109,141
Increase in other non financial assets		49,012	56,558
Increase/(Decrease) in Fund Balances	(5,909,577)	22,412,834	9,379,922

The accompanying notes are an integral part of these consolidated financial statements.

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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, 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 the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the Municipality. Financial assets are those assets that could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) (i) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of the operating fund, reserve funds, and the capital fund 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:

1. Peterborough Public Library Board
2. Peterborough Downtown Business Improvement Area
3. The Village Business Improvement Area
4. Peterborough Housing Corporation

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 expenditures (including capital expenditures) are combined on a line by line basis in the financial statements. These include:

1. Fairhaven (2008 - 66%) (2007 - 66%)
2. Peterborough County-City Health Unit (2008 - 57%) (2007 - 57%)
3. Greater Peterborough Area Economic Development Corporation (2008 - 60%) (2007 - 60%)
4. Peterborough County-City Waste Management Facility (2008 - 50%) (2007 - 50%)

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

Subsidiary corporations are 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. Subsidiary corporations accounted for in this manner are:

1. City of Peterborough Holdings Inc.
2. Peterborough Utilities Commission – Water Utility

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. Significant Accounting Policies - continued

(ii) Fund Accounting

Funds within the consolidated financial statements consist of operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statement of Financial Position and Financial Activities.

(b) Basis of Accounting

(i) Accrual basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are the cost of goods and services and are recognized when acquired in the period, whether or not payments have been made or invoices received.

(ii) Capital Assets

The historical cost and accumulated depreciation for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.

(iii) Use of Estimates

The preparation of financial statements 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 expenditures during the year. Actual results could differ from those estimates.

(iv) Deferred Revenue - General

Deferred revenue generally represents user charges and fees which have been collected 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.

(v) Deferred Revenue-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, Federal Gas Tax Revenues, Federal Public Transit Funds under Municipal Funding Agreements with the Association of Municipalities of Ontario and Provincial Gas Tax Revenues. These funds by their nature are restricted in their use and until applied to applicable capital works are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. Significant Accounting Policies – continued

(vi) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfer to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(vii) 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.

(viii) Taxation and Related Revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). 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 Province of Ontario in respect of education taxes based on rates established by the Province. Realty taxes are billed based on the assessment rolls provided by MPAC. 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. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. 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 determined and the effect 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.

(ix) Investment Income

Investment income earned on surplus operating funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are 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 balances.

(x) 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 contribution plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits 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.

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. Significant Accounting Policies – continued

(xi) Budget Figures

City Council completes separate budget reviews for its operating and capital budgets each year. The approved operating program for 2008 is reflected on the Consolidated Schedule of operating fund operations and is included in the budget figures presented in the consolidated statement of Financial Activities.

Budgets established for the Capital Fund and Reserves and Reserve Funds are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years. The budgets reflected in the Consolidated Schedule of Capital Fund Operations and the Consolidated Schedule of Reserves and Reserve Funds and included in the Consolidated Statement of Financial Activities is an annual budget only as required by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Budget figures are not subject to audit.

(xii) Financial Instruments

The City's financial instruments consist of cash and short-term deposits, taxes receivable, accounts receivable, investments, other receivables, accounts payable and accrued liabilities and long-term liabilities. It is management's opinion that the fair value of its financial instruments are not materially different from their carrying value unless otherwise noted. The City does not have any significant concentration of currency, interest or credit risks.

2. Change in Accounting Policy

Tangible capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition. Effective for the fiscal year beginning January 1, 2009, the City, along with all other local governments, will be required to recognize tangible capital assets on the Consolidated Statement of Financial Position and any amortization, gains or losses on disposal or impairments on the Consolidated Statement of Financial Activities. This change in accounting standards will require recognition of tangible capital assets on the Consolidated Statement of Financial Position, that were previously recorded as an expenditure in the Consolidated Statement of Financial Activities.

The City is currently compiling an inventory of all its tangible capital assets and has identified the following major categories:

- Land and land improvements
- Buildings
- Linear assets
- Machinery and equipment
- Vehicles
- Capital works in progress

The City has approved an accounting policy as well as several draft procedural documents for tangible capital assets. The implementation of these procedural documents will be completed in adequate time to allow for recognition of the City's tangible capital assets on the consolidated statement of financial position for the year ending December 31, 2009.

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

3. Transfers to the School Boards

During 2008, the City has made property tax transfers to the School Boards. The amounts collected and remitted amounted to \$29,876,757 (2007 - \$29,303,856).

4. Accounts Receivable

The balance for accounts receivable on the Consolidated Statement of Financial Position totalled \$17,957,604 for 2008 (2007 - \$14,851,505). This amount is comprised of the following receivables:

	2008	2007
	\$	\$
Government of Canada	1,425,977	1,206,642
Government of Ontario	3,873,353	2,140,249
Other Municipalities	707,023	292,429
User Charges and other receivables	<u>11,951,251</u>	<u>11,212,185</u>
	17,957,604	14,851,505

5. Investments

The investments have a market value of \$13,920,309 (2007 - \$16,895,040) at the end of the year. The discount on the purchase price is amortized over the life of the investment.

6. Other Receivables

	2008	2007
	\$	\$
Other receivables consist of:		
Employee Computer Purchase Plans	135,945	158,357
Loan – Peterborough Lakers Lacrosse Association	108,000	-
Trent University – Woodland Acres Sanitary Sewer	202,548	248,745
Other loans receivable	<u>94,537</u>	<u>192,531</u>
	541,030	599,633

For those loans with fixed rates of interest, rates range from 5.5% to 7%. Interest on employee Computer Purchase loans is bank prime less 1%. Loans with a value of \$40,720 (2007 - \$53,040) approved by Council to qualifying community groups have been made on an interest free basis.

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

7. Investment in Government Business Enterprises

The City's investment in its government business enterprises is represented by:

	<u>2008</u> \$	<u>2007</u> \$
City of Peterborough Holdings Inc.		
6.25% Notes Receivable (2007 – 6.25%)	25,949,205	25,949,205
Shares	<u>28,399,205</u>	<u>28,399,205</u>
	<u>54,348,410</u>	<u>54,348,410</u>
Retained earnings:		
Beginning balance	15,866,042	15,260,108
Change in accounting policy – corporate taxes	1,500,000	
Net earnings	5,971,258	3,182,022
Less dividends	<u>(3,252,788)</u>	<u>(2,576,088)</u>
	<u>20,084,512</u>	<u>15,866,042</u>
Peterborough Utilities Commission – Water Utility		
Net assets	<u>94,691,330</u>	<u>91,389,497</u>
Equity in government business enterprises	169,124,252	161,603,949
Short-term advances to City of Peterborough Holdings Inc. due on demand with interest at Bank prime less 1 ¼ %	<u>5,750,000</u>	<u>5,750,000</u>
	174,874,252	167,353,949

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

7. Investment in Government Business Enterprises - continued

(a) (i) City of Peterborough Holdings Inc.

The City of Peterborough Holdings Inc. is the holding company created in 1999 to hold the shares of subsidiary companies created to meet the re-organizational requirements under the provincial government's Electricity Competition Act (Bill 35). The subsidiary and affiliated companies of City of Peterborough Holdings Inc. are:

Peterborough Utilities Services Inc. and its wholly owned subsidiary,
The Peterborough Call Centre Inc.,
Peterborough Distribution Inc.
Peterborough Utilities Inc. and its wholly owned subsidiary,
Campbellford/Seymour Electric Generation Inc.

All of the above companies 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 following table provides condensed financial information in respect of City of Peterborough Holdings Inc. for its 2008 fiscal year ending December 31.

Financial Position	<u>2008</u> \$	<u>2007</u> \$
Current assets	33,627,680	23,932,759
Capital assets	63,053,377	64,991,902
Regulatory assets	2,133,654	1,709,161
Investment	3,666,150	2,781,127
Future income taxes	<u>4,236,000</u>	<u>2,507,000</u>
Total Assets	<u>106,716,861</u>	<u>95,921,949</u>
Current liabilities	13,505,053	13,457,726
Notes payable	31,699,205	31,699,205
Other long term liabilities	12,671,886	6,204,771
Future taxes	<u>357,000</u>	<u>295,000</u>
Total Liabilities	<u>58,233,144</u>	<u>51,656,702</u>
Shareholder's Equity		
Capital stock	28,399,205	28,399,205
Retained earnings	<u>20,084,512</u>	<u>15,866,042</u>
	48,483,717	44,265,247
Total	<u>106,716,861</u>	<u>95,921,949</u>

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

7. Investment in Government Business Enterprises - continued

Results of Operations:	<u>2008</u> \$	<u>2007</u> \$
Revenues	89,763,533	87,825,298
Total expenses	<u>84,410,908</u>	<u>83,187,081</u>
Net Income before provision for corporate taxes	5,352,625	4,638,217
Provision for corporate taxes	<u>1,896,388</u>	<u>2,028,392</u>
Income before income from discontinued operations	3,456,237	2,609,825
Income from discontinued operations	<u>2,515,021</u>	<u>572,197</u>
Net Income	5,971,258	3,182,022

During the year the City received \$3,252,788 (2007 - \$2,576,088) in dividends and \$1,646,912 (2007 - \$1,646,912) in interest on the notes receivable.

(a) (ii) Peterborough Utilities Commission – Water Utility

Operating under the authority of the Public Utilities Act, the Peterborough Utilities Commission – Water Utility provides water services to the residents of the City of Peterborough along with operational governance and funding for the Riverview Park and Zoo.

The following table provides condensed supplementary financial information for the utility.

Financial Position:	<u>2008</u> \$	<u>2007</u> \$
Current Assets	14,249,949	12,574,568
Capital Assets	<u>85,202,389</u>	<u>84,026,345</u>
Total Assets	99,452,338	96,600,913
Current Liabilities	3,095,041	3,358,673
Long Term Liabilities	<u>1,665,967</u>	<u>1,852,743</u>
Total Liabilities	4,761,008	5,211,416
Net Assets	94,691,330	91,389,497
Results of Operations:		
Revenues	15,903,094	16,632,312
Expenses	<u>12,601,261</u>	<u>12,248,243</u>
Net Income	3,301,833	4,384,069

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

7. Investment in Government Business Enterprises - continued

(b) Reconciliation of Government Business Enterprise to change in equity

The following table reconciles the net income recorded in the financial statements of City of Peterborough Holdings Inc. and the Peterborough Utilities Commission – Water Utility and the change in equity from Subsidiary Operations recorded in these financial statements:

	Holdings Inc.	2008 Water Utility	Total	2007 Total
Net Income	5,971,258	3,301,833	9,273,091	7,566,091
Change in accounting policy – Corporate taxes	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>
	7,471,258	3,301,833	10,773,091	7,566,091
Less: Dividend	<u>3,252,788</u>	<u>-</u>	<u>3,252,788</u>	<u>2,576,088</u>
	4,218,470	3,301,833	7,520,303	4,990,003

8. 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 has been included in these financial statements based on the share of net operating expenditures 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.

(a) 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.

	2008		2007	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Financial Assets	4,427,428	2,951,618	2,983,073	1,988,715
Liabilities	<u>22,018,969</u>	<u>14,679,312</u>	<u>22,424,615</u>	<u>14,949,743</u>
Net liabilities	(17,591,541)	(11,727,694)	(19,441,542)	(12,961,028)
Amount to be recovered from future revenues	<u>20,342,197</u>	<u>13,561,465</u>	<u>20,950,950</u>	<u>13,967,300</u>
Working Capital Reserve	2,750,656	1,833,771	1,509,408	1,006,272

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

8. Partnerships with the County of Peterborough - continued

Financial Activities	<u>2008</u>		<u>2007</u>	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	17,546,152	11,697,434	15,497,306	10,331,537
Expenditures				
Operating	15,665,673	10,443,781	14,403,363	9,602,242
Capital	<u>30,478</u>	<u>20,319</u>	<u>37,661</u>	<u>25,107</u>
	15,696,151	10,464,100	14,441,024	9,627,349
Change in net				
Financial resources	1,850,001	1,233,334	1,056,282	704,188
Change in amounts to				
-be recovered	<u>(608,753)</u>	<u>(405,835)</u>	<u>(1,102,226)</u>	<u>(734,817)</u>
-fund balances	1,241,248	827,499	(45,944)	(30,629)

Fairhaven has incurred long-term debt as a result of a mandated rebuild by the Ministry of Health and Long-Term Care. Fairhaven will finance the annual debenture payments through a Ministry of Health and Long-Term Care annual contribution of \$955,752 for twenty years and contributions from the City and County for eighteen years in the amounts of \$709,939 and \$342,702 respectively.

(b) Peterborough County-City Health Unit

The Peterborough County-City Health Unit strives to enable people and the community to be as healthy as possible. The Health Unit is a not-for-profit organization, which provides accessible, community based programs, and services that promote, protect and restore health.

Financial Position	<u>2008</u>		<u>2007</u>	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial Assets	2,694,649	1,535,950	2,519,579	1,436,160
Liabilities	<u>2,194,989</u>	<u>1,251,143</u>	<u>2,037,372</u>	<u>1,161,302</u>
Fund Balance	499,660	284,807	482,207	274,858

Financial Activities	<u>2008</u>		<u>2007</u>	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	10,461,780	5,963,214	10,167,365	5,795,399
Expenditures	<u>10,444,327</u>	<u>5,953,267</u>	<u>10,160,065</u>	<u>5,791,237</u>
Change in net financial resources and fund balance	17,453	9,947	7,300	4,162

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

8. Partnerships with the County of Peterborough - continued

(c) Greater Peterborough Area Economic Development Corporation (GPA EDC)

The GPA EDC promotes economic development in the Greater Peterborough area, with the co-operation and participation of available community resources, by encouraging, facilitating and supporting community strategic planning and increasing self-reliance, investment and job creation within the community.

Financial Position	<u>2008</u>		<u>2007</u>	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Financial Assets	347,347	208,408	249,463	149,678
Liabilities	<u>391,845</u>	<u>235,107</u>	<u>185,041</u>	<u>111,025</u>
Net financial resources	(44,498)	(26,699)	64,422	38,653
Amount to be recovered	<u>37,958</u>	<u>22,775</u>	<u>32,947</u>	<u>19,768</u>
Fund balance	(6,540)	(3,924)	97,369	58,421

Financial Activities	<u>2008</u>		<u>2007</u>	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Revenues	2,588,521	1,553,117	1,808,057	1,084,834
Expenditures	<u>2,697,439</u>	<u>1,618,463</u>	<u>1,886,879</u>	<u>1,132,127</u>
Change in net financial resources	(108,918)	(65,346)	(78,822)	(47,293)
Change in amounts to be recovered	<u>5,011</u>	<u>3,007</u>	<u>(1,922)</u>	<u>(1,153)</u>
Change in fund balance	(103,907)	(62,339)	(80,744)	(48,446)

(d) 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 costs 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 from/(to) the County of \$137,268 (2007 - \$(58,176)).

Financial Activities	<u>2008</u>		<u>2007</u>	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Operating Fund				
Revenues	4,433,762	2,216,881	4,440,907	2,220,453
Expenditures	<u>2,589,564</u>	<u>1,294,782</u>	<u>2,351,916</u>	<u>1,175,958</u>
Net revenues	1,844,198	922,099	2,088,991	1,044,495

Capital Fund

Capital expenditures of \$100,682 (2007 - \$700,026) are reflected on the Statement of Financial Activities and are shown net of the County share.

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

9. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is an amount of \$3,665,535 (2007 - \$3,520,817) for closure and post closure costs of the Peterborough County-City Waste Management Facility.

The net present value of estimated closure and post closure costs as at December 31, 2008 is \$7,966,390 (2007 - \$8,053,800). The estimated total expenditures represent the sum of the discounted future cash flows using an inflation factor of 2.3% (2007 – 1.8%), discounted at a rate of 5% (2007 – 5%). As the ownership of the facility is shared equally between the County and City of Peterborough, the liability recorded in these financial statements represents 50% of the estimated actual liability pro-rated on the basis of capacity used at the site. It is estimated at December 31st that the existing site capacity has been 92% (2007 - 87%) utilized.

The site currently being used is referred to as the South Fill Area and is expected to reach capacity in 2011 (2007 – 2010) at which time the North Fill Area will begin to receive waste and continue for the next 15 years.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a period of 174 years. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity. The estimated change in liability would be recognized prospectively, when applicable.

10. Deferred Revenue - Obligatory Reserve Funds

A requirement of the public sector accounting principles of The Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances, these funds may possibly be refunded. The balances in the obligatory reserve funds for the City are summarized below:

	<u>2008</u>	<u>2007</u>
	\$	\$
Development Charges	12,724,431	12,275,219
Parkland	1,374,363	1,238,099
Building Code Act	488,437	603,242
Federal Gasoline Tax	3,327,208	3,352,754
Provincial Gasoline Tax	648,314	1,349,382
Federal Public Transit	-	613,529
	<u>18,562,753</u>	<u>19,432,225</u>

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

11. Employee Benefits And Other Liabilities

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.

The following table sets out the extrapolated results for each of the plans as at December 31, 2008:

	Retirement Benefits \$	Life Insurance \$	Worker's Comp \$	Sick Leave \$	2008 Total \$	2007 Total \$
Accrued benefit liability, beginning of year	8,482,454	7,523,255	6,936,014	2,072,028	25,013,751	22,230,597
Actuarial loss/(gain)	-	-	(24,869)	-	(24,869)	1,948,642
Current service cost	305,843	222,377	841,486	82,669	1,452,375	1,334,383
Interest cost	419,240	378,447	280,634	91,727	1,170,048	1,126,392
Benefit payments	<u>(501,195)</u>	<u>(130,995)</u>	<u>(795,836)</u>	<u>(218,340)</u>	<u>(1,646,366)</u>	<u>(1,626,263)</u>
Accrued benefit liability, end of year	8,706,342	7,993,084	7,237,429	2,028,084	25,964,939	25,013,751
Vacation pay entitlements					<u>2,131,590</u>	<u>2,152,215</u>
					28,096,529	27,165,966

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimate. The following represents the more significant assumptions made:

	Benefits Payable for Early Retirees	Life Insurance	Worker's Compensation	Sick Leave
Expected inflation rate	2%	2%	2%	2%
Expected level of salary increases	3%	3%	3%	3%
Interest discount rate	5%	5%	5%	5%

(a) 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.

(b) 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 as long as the member pays the blended premium rate for the coverage.

(c) 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 an actuarial review update completed as of December 31, 2008.

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

11. Employee Benefits And Other Liabilities - continued

(d) Liability for Vested Sick Leave

Fire Department 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 an actuarial review completed as of December 31, 2008.

(e) Vacation pay Entitlements

Vacation pay entitlements are based on employee's years of service. Current obligations total \$2,131,590 of which \$1,736,051 does not need to be recovered in future periods.

12. Long Term Liabilities

(a) The long-term liabilities reported on the Consolidated Statement of Financial Position are made up of the following obligations that have been approved by the Ontario Municipal Board or the Council of the City of Peterborough. Interest rates on outstanding debt range from 2.34% to 8.125%.

(b) Future year's repayment obligations are summarized as follows:

<u>Source</u>	<u>2009 to 2013</u> \$	<u>2014 to 2018</u> \$	<u>2019 to 2023</u> \$	<u>Total</u> \$
From general municipal revenues	27,311,668	23,007,509	7,203,655	57,522,832
From benefiting landowners	<u>110,130</u>	<u>-</u>	<u>-</u>	<u>110,130</u>
	27,421,798	23,007,509	7,203,655	57,632,962

(c) The Ministry of Municipal Affairs and Housing within the annual debt repayment limit prescribes the annual principal and interest payments required to service these liabilities.

(d) Interest on long-term liabilities amounted to \$2,942,691 in 2008 (2007 - \$3,017,136).

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

13. Amounts to be Recovered

Amounts to be recovered represent liabilities established for accrual accounting purposes. In some cases, reserves have been established to fund these amounts. In other cases, the liabilities are to be funded from future years' budgetary allocations. The net increase/(decrease) in amounts to be recovered is \$4,051,135 (2007 - \$2,109,141).

	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Long-term liabilities	57,632,962	54,693,052
Retirement benefits – to age 65	8,706,342	8,482,454
Life Insurance – age 65 +	7,993,084	7,523,255
Workers' compensation obligations	7,237,429	6,936,014
Vested sick leave benefits	2,028,084	2,072,028
Vacation pay entitlements	395,539	420,296
Landfill Closure and Post Closure	3,665,535	3,520,817
Accrued interest payable on long-term liabilities	<u>615,687</u>	<u>575,611</u>
	88,274,662	84,223,527

14. 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. 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 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 2008, the current service cost amounted to \$4,198,192 (2007 – \$4,040,683).

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

15. Fund Balances

(a) Operating fund:	2008	2007
	\$	\$
City of Peterborough	142,546	433,789
Peterborough Public Library Board	91,006	-
Greater Peterborough Area Economic Development Corporation	(3,924)	58,420
Downtown Business Improvement Area	70,264	59,292
Village Business Improvement Area	8,426	11,954
Peterborough Housing Corporation	<u>695,447</u>	<u>778,316</u>
Operating fund balance	1,003,765	1,341,771

(b) Capital fund:	2008	2007
	\$	\$
Capital expenditures incurred and to be financed from the proceeds of:		
long-term liabilities	(6,992,740)	(6,693,562)
taxation or user charges within the term of council	(1,662,427)	(50,118)
transfers from reserves and reserve funds	(131,824)	(621,464)
capital grants and donations	(1,553,370)	(485,841)
Unapplied capital receipts	<u>8,630,561</u>	<u>14,798,916</u>
Capital fund balance	(1,709,800)	6,947,931

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

16. Lease commitments

The City has entered into the following long-term operating lease agreements. The following table provides information on the minimum lease payments:

Summary	(i)	(ii)	Total
2009	1,879,565	611,144	2,490,709
2010	1,903,565	609,480	2,513,045
2011	2,036,400	591,180	2,627,580
2012	2,061,600	591,180	2,652,780
2013	2,088,000	197,060	2,285,060
Thereafter	<u>28,298,400</u>	<u>-</u>	<u>28,298,400</u>
Total minimum lease payments	38,267,530	2,600,044	40,867,574
Less payments assumed by sub-lessee	<u>3,783,130</u>	<u>-</u>	<u>3,783,130</u>
Total	34,484,400	2,600,044	37,084,444

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

The City in turn has subleased the premises to a commercial organization, for a 10-year term. Although there are provisions in the sublease agreement to terminate the lease prior to the initial 10-year period, the above table assumes that the sublease will continue for 10 years. It is the City's expectation that the sublease will remain in place for the duration of the 25 years.

- ii) The City has executed lease agreements for its own use that require annual payments in future years as they become due and payable.

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

17. Contingent Liabilities

The City of Peterborough, in the course of its 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 itself 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.

18. Loan Guarantee

In August 2005, the City of Peterborough entered into an agreement with the Peterborough Family YMCA to guarantee the mortgage for the New YMCA to an amount not to exceed \$7,250,000.

The City has also committed to an additional cash contribution of \$250,000, payable over 5 years in equal annual instalments. Payments of \$50,000 each were made in 2006, 2007 and 2008. Future instalments will be made in the years 2009 and 2010.

19. Provincial Offences Offices

On October 10, 2000, as a result of the provincial-municipal restructuring under Bill 108, Streamlining of Administration of Provincial Offices Act ("POA") 1997, the City has assumed responsibility and administration of the POA office and courts.

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.

Gross and net revenues for the year ended December 31, 2008, amounted to \$2,487,184 (2007 - \$2,124,097) and \$1,581,167 (2007 - \$1,394,401) respectively.

The Provincial Offences Office net revenues are jointly shared by the County of Peterborough and the City of Peterborough based on weighted assessments. During 2008, the proportion based on weighted assessment for the City was 47.4% (2007 - 47.3%). Based on this percentage, the City's portion of Net Revenues was \$749,473 (2007 - \$659,552).

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

20. 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 segmented information.

For each reported segment, revenues and expenditures 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.

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 Segmented Disclosure.

Functions disclosed separately in the segmented information are as follows:

General Government

General government consists of the activities of Council and general financial and administrative management of the City and its programs and services.

Protection to Persons and Property

Protection services include police, fire, conservation authority, protective inspection and control, emergency measures and the Provincial Offences Office.

Transportation Services

The activities of the transportation function include construction and maintenance of the City's roads and bridges, winter control, public transit, parking, street lighting and air transportation.

Environmental Services

The environmental function is responsible for the sanitary sewer system, storm sewers, solid waste collection, waste disposal and recycling. It also encompasses the equity investment in the Peterborough Utilities Commission.

Health Services

The health services function consists of external transfers to the Peterborough City-County Health Unit, the Peterborough Regional Health Centre 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, assistance to aged persons provided by Fairhaven and childcare services.

**CITY OF PETERBOROUGH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

20. Segmented information - continued

Social Housing Services

The social housing function provides access and administration related to affordable housing in the City.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and library services.

Planning and Development Services

The planning and development services function manages commercial, industrial and residential development within the Municipality.

Electric Utility

The electric utility function consists of the equity investment in City of Peterborough Holdings Inc.

21. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

City of Peterborough

Consolidated Schedule of Current Fund Operations

For the year ended December 31, 2008

	Budget 2008 \$ (Unaudited)	Actual 2008 \$	Actual 2007 \$
REVENUES			
Property taxation	84,874,391	83,869,885	81,511,806
Taxation from other governments	2,472,778	2,428,810	2,472,109
User charges	47,617,093	49,319,154	47,207,501
Government grants	67,258,962	70,150,708	67,750,201
Investment income	2,997,138	3,950,856	4,225,082
Penalties and interest on taxes	500,000	688,524	748,258
Proceeds from sale of land	-	-	226,096
Other	25,533	198,757	21,052
Total Revenues	205,745,895	210,606,694	204,162,105
EXPENDITURES			
Salaries, wages and employee benefits	79,975,352	82,028,463	80,909,493
Interest on net long term debt	3,712,390	2,982,771	3,017,136
Materials	24,523,928	24,768,629	22,648,186
Contracted services	37,010,772	33,982,001	34,970,918
Rents and financial expenses	1,058,442	1,106,569	1,064,518
External transfers	39,246,982	39,548,636	37,710,567
Total Expenditures	185,527,866	184,417,069	180,320,818
NET REVENUE	20,218,029	26,189,625	23,841,287
FINANCING AND TRANSFERS			
Dividend from government business enterprise	3,252,788	3,252,788	2,576,088
Debt principal repayments	(5,059,840)	(4,865,890)	(4,501,282)
Employee benefits	-	926,427	2,799,121
Accrued interest on long-term liabilities	-	40,080	(59,500)
Landfill closure and post closure obligations	-	144,718	(29,647)
Non financial assets	-	49,012	56,558
Transfers to reserves and reserve funds	(11,287,097)	(17,864,982)	(14,788,170)
Transfer to capital fund	(7,148,240)	(8,209,784)	(9,861,175)
Net Financing and Transfers	(20,242,389)	(26,527,631)	(23,808,007)
CHANGE IN CURRENT FUND BALANCE	(24,360)	(338,006)	33,280
Opening Current Fund Balance	100,000	1,341,771	1,308,491
CLOSING CURRENT FUND BALANCE	75,640	1,003,765	1,341,771

City of Peterborough

Consolidated Schedule of Capital Fund Operations

For the year ended December 31, 2008

	2008 Budget \$ (Unaudited)	Actual 2008 \$	Actual 2007 \$
REVENUES			
Government grants	3,701,510	17,676,527	8,253,859
Development levies earned	2,615,700	5,273,245	1,300,469
Investment income	-	6,247	26,052
Proceeds from sale of land	-	1,449,294	-
Other	3,618,400	2,616,680	2,681,151
Total Revenues	9,935,610	27,021,993	12,261,531
EXPENDITURES			
Salaries, wages and employee benefits	-	502,441	647,260
Materials	-	668,146	323,461
Contracted services	36,842,883	43,639,652	31,893,560
External transfers	-	1,505,111	4,557,111
Total Expenditures	36,842,883	46,315,350	37,421,392
NET EXPENDITURES	(26,907,273)	(19,293,357)	(25,159,861)
FINANCING AND TRANSFERS			
Transfers from current fund	7,148,240	8,209,784	9,861,175
Transfers from/(to) reserves and reserve funds	13,919,526	(5,450,958)	7,627,446
Proceeds from the issue of long term debt	5,839,507	7,876,800	4,054,265
Net Financing and Transfers	26,907,273	10,635,626	21,542,886
CHANGE IN CAPITAL FUND BALANCE	-	(8,657,731)	(3,616,975)
Opening Capital Fund Balance	6,947,931	6,947,931	10,564,906
CLOSING CAPITAL FUND BALANCE	6,947,931	(1,709,800)	6,947,931

City of Peterborough

Consolidated Schedule of Reserves and Reserve Funds

For the year ended December 31, 2008

	Budget 2008 \$ (Unaudited)	Actual 2008 \$	Actual 2007 \$
REVENUES			
Investment income	-	643,328	899,763
Contributions from developers	-	-	66,943
Total Revenues	-	643,328	966,706
FINANCING AND TRANSFERS			
Debt principal repayment	-	(71,000)	(153,816)
Transfers from current fund	11,287,097	17,864,982	14,788,170
Transfers to capital fund	(13,919,526)	5,450,958	(7,627,446)
Total Net Financing and Transfers	(2,632,429)	23,244,940	7,006,908
CHANGE IN RESERVES AND RESERVE FUND BALANCES	(2,632,429)	23,888,268	7,973,614
Opening Reserves and Reserve Fund Balances	54,243,323	54,243,323	46,269,709
CLOSING RESERVES AND RESERVE FUND BALANCES	51,610,894	78,131,591	54,243,323
ANALYZED AS FOLLOWS:			
Working funds		788,366	641,425
Contingencies		4,344,446	1,583,871
Replacement of equipment		1,974,201	2,320,067
Sick leave		1,533,368	1,433,368
Insurance		1,831,814	1,831,814
W.S.I.B.		1,059,059	-
Parking		101,961	87,432
Debenture repayment		550,000	-
Per Service Purpose:			
General government		3,708,847	2,957,901
Protection services		2,384,671	1,154,530
Roadways		10,141,130	1,702,930
Transit		3,250,163	3,999,941
Sanitary sewer system		19,805,991	12,143,777
Storm sewer system		2,481,625	1,443,040
Waste disposal		7,023,563	6,505,365
Health services		626,756	1,922,585
Social and family services		6,269,047	5,011,758
Social housing		7,209,449	7,182,529
Recreation facilities		674,396	521,040
Libraries		753,731	660,839
Planning and development		1,619,007	1,139,111
TOTAL RESERVES AND RESERVE FUND BALANCES		78,131,591	54,243,323

City of Peterborough

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2008

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural \$	Planning and Development \$	Electric Utility \$	Total \$
REVENUES											
Property taxation	10,274,061	25,756,442	11,465,013	6,374,111	3,715,436	13,863,692	3,220,604	6,617,334	2,583,192	-	83,869,885
Taxation from other governments	297,530	745,888	332,018	184,590	107,596	401,482	93,266	191,633	74,807	-	2,428,810
User charges	1,339,763	4,413,741	7,153,456	18,083,691	299,214	4,882,912	4,625,899	7,802,519	717,959	-	49,319,154
Government grants	987,246	3,649,863	16,751,545	4,751,648	5,434,498	44,725,814	9,643,169	908,889	974,563	-	87,827,235
Development levies earned	23,042	174,749	1,256,823	1,607,052	-	-	-	509,433	1,702,146	-	5,273,245
Investment income	526,130	1,203,730	727,239	341,590	224,503	738,014	384,170	326,117	128,937	-	4,600,430
Penalties and interest on taxes	688,524	-	-	-	-	-	-	-	-	-	688,524
Sale of land	-	-	-	-	-	932,074	-	-	517,220	-	1,449,294
Other	169,194	27,212	1,124,432	21,867	-	82,078	909,398	390,872	90,386	-	2,815,439
Income from government business enterprises (Note 7(b))	-	-	-	3,301,833	-	-	-	-	-	7,471,258	10,773,091
Total Revenues	14,305,490	35,971,625	38,810,526	34,666,382	9,781,247	65,626,066	18,876,506	16,746,797	6,789,210	7,471,258	249,045,107
EXPENDITURES											
Salaries, wages and employee benefits	4,089,324	29,969,184	13,662,582	3,049,062	4,411,889	15,845,348	1,987,731	6,986,206	2,027,137	-	82,028,463
Interest on net long term debt	114,117	115,474	804,408	87,904	-	782,819	298,021	658,493	121,535	-	2,982,771
Materials	2,272,525	1,965,547	5,869,448	2,314,494	1,631,252	2,048,658	3,602,965	3,872,559	1,191,181	-	24,768,629
Contracted services	1,933,676	1,014,986	2,705,790	5,084,266	3,045,908	10,003,322	9,197,610	892,302	104,141	-	33,982,001
Rents and financial expenses	55,648	50,132	21,353	128,289	-	576,386	155,113	111,533	8,115	-	1,106,569
External transfers	481,989	1,599,184	-	9,951	399,925	34,573,934	1,476,345	682,968	324,340	-	39,548,636
Capital	1,020,919	5,386,464	17,289,753	10,344,864	1,504,000	20,319	6,310,992	2,725,915	1,712,125	-	46,315,351
Interfunctional transfers	(5,072,668)	1,874,514	(1,565,991)	1,177,011	258,407	1,315,560	512,267	1,404,523	96,377	-	-
Total Expenditures	4,895,530	41,975,485	38,787,343	22,195,841	11,251,381	65,166,346	23,541,044	17,334,499	5,584,951	-	230,732,420
NET REVENUES/(EXPENDITURES)	9,409,960	(6,003,860)	23,183	12,470,541	(1,470,134)	459,720	(4,664,538)	(587,702)	1,204,259	7,471,258	18,312,687
FINANCING AND TRANSFERS											
Debt principal repayments	(44,748)	(41,135)	(2,513,609)	(480,984)	-	(596,100)	(153,889)	(630,633)	(475,792)	-	(4,936,890)
Employee benefits	114,128	602,903	-	-	-	193,613	-	12,777	3,006	-	926,427
Accrued interest on long-term liabilities	(3,471)	100,163	(25,134)	(8,717)	-	-	-	(16,026)	(6,735)	-	40,080
Landfill closure and post closure obligations	-	-	-	144,718	-	-	-	-	-	-	144,718
Non financial assets	-	-	49,012	-	-	-	-	-	-	-	49,012
Proceeds from the issue of long term debt	-	6,322,000	1,554,800	-	-	-	-	-	-	-	7,876,800
Net Financing and Transfers	65,909	6,983,931	(934,931)	(344,983)	-	(402,487)	(153,889)	(633,882)	(479,521)	-	4,100,147
INCREASE/(DECREASE) IN FUND BALANCE	9,475,869	980,071	(911,748)	12,125,558	(1,470,134)	57,233	(4,818,427)	(1,221,584)	724,738	7,471,258	22,412,834

City of Peterborough

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2007

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural \$	Planning and Development \$	Electric Utility \$	Total \$
REVENUES											
Property taxation	10,009,650	24,746,985	10,661,744	5,950,362	3,317,531	15,250,859	3,040,390	6,586,154	1,948,132	-	81,511,807
Taxation from other governments	303,575	750,532	323,352	180,464	100,615	462,532	92,210	199,746	59,083	-	2,472,109
User charges	1,698,645	4,130,422	6,596,791	18,040,223	326,107	4,493,480	4,279,187	7,127,470	515,176	-	47,207,501
Government grants	859,465	3,459,558	4,430,105	3,222,186	5,199,964	44,775,428	12,355,723	907,422	794,209	-	76,004,060
Development levies earned	6,500	315,216	49,590	235,626	-	-	-	479,453	281,027	-	1,367,412
Investment income	560,962	1,271,180	805,763	334,118	357,244	892,683	468,487	360,606	99,854	-	5,150,897
Penalties and interest on taxes	748,258	-	-	-	-	-	-	-	-	-	748,258
Sale of land	-	-	-	-	-	-	-	-	226,096	-	226,096
Other	51,000	60,504	1,979,086	-	-	-	2,501	130,934	478,178	-	2,702,203
Income from government business enterprises (Note 7(b))	-	-	-	4,384,069	-	-	-	-	-	3,182,022	7,566,091
Total Revenues	14,238,055	34,734,397	24,846,431	32,347,048	9,301,461	65,874,982	20,238,498	15,791,785	4,401,755	3,182,022	224,956,434
EXPENDITURES											
Salaries, wages and employee benefits	6,202,202	29,668,805	12,843,198	2,985,397	4,220,409	14,788,900	1,789,089	6,746,339	1,665,154	-	80,909,493
Interest on net long term debt	122,983	17,468	898,412	121,950	-	813,340	225,041	697,821	120,121	-	3,017,136
Materials	1,983,216	1,852,693	4,715,060	1,880,170	1,615,870	2,045,263	3,816,912	3,826,393	912,609	-	22,648,186
Contracted services	2,985,166	1,011,766	2,560,311	5,317,270	2,757,578	11,341,212	7,724,020	1,067,930	205,665	-	34,970,918
Rents and financial expenses	174,940	37,036	-	129,425	-	590,680	108,995	15,417	8,025	-	1,064,518
External transfers	311,253	1,465,713	-	-	382,973	32,973,106	1,464,669	844,322	268,531	-	37,710,567
Capital	969,078	2,376,534	8,044,247	13,898,915	4,506,000	25,107	1,156,042	3,984,109	2,461,361	-	37,421,393
Interfunctional transfers	(5,788,185)	1,973,204	(1,236,707)	1,213,743	299,608	1,822,195	543,334	1,081,707	91,101	-	-
Total Expenditures	6,960,653	38,403,219	27,824,521	25,546,870	13,782,438	64,399,803	16,828,102	18,264,038	5,732,567	-	217,742,211
NET REVENUES/(EXPENDITURES)	7,277,402	(3,668,822)	(2,978,090)	6,800,178	(4,480,977)	1,475,179	3,410,396	(2,472,253)	(1,330,812)	3,182,022	7,214,223
FINANCING AND TRANSFERS											
Debt principal repayments	(40,363)	(38,978)	(2,388,049)	(597,669)	-	(560,517)	(103,176)	(597,483)	(328,863)	-	(4,655,098)
Employee benefits	2,061,045	916,427	-	-	-	(170,273)	-	(6,925)	(1,153)	-	2,799,121
Accrued interest on long-term liabilities	(2,571)	-	(41,660)	(10,072)	-	-	-	(10,439)	5,242	-	(59,500)
Landfill closure and post closure obligations	-	-	-	(29,647)	-	-	-	-	-	-	(29,647)
Non financial assets	-	-	56,558	-	-	-	-	-	-	-	56,558
Proceeds from the issue of long term debt	-	-	-	-	-	-	3,514,265	-	540,000	-	4,054,265
Net Financing and Transfers	2,018,111	877,449	(2,373,151)	(637,388)	-	(730,790)	3,411,089	(614,847)	215,226	-	2,165,699
INCREASE/(DECREASE) IN FUND BALANCE	9,295,513	(2,791,373)	(5,351,241)	6,162,790	(4,480,977)	744,389	6,821,485	(3,087,100)	(1,115,586)	3,182,022	9,379,922

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

Trust Funds

December 31, 2008

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE CITY OF PETERBOROUGH

We have audited the statement of financial position of the Trust Funds of the Corporation of the City of Peterborough as at December 31, 2008 and the statement of continuity of the Trust Funds for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
May 1, 2009

CITY OF PETERBOROUGH

TRUST FUNDS

Statement of continuity for the year ended December 31, 2008

	Total \$	City Parks \$	Special Holding \$	Safety Patrol \$	Cenotaph Trust \$	Library Trust Funds \$	Morrow Park Trust \$	Parks Hancock Trust \$	Parks Tollington Endowment	Fairhaven Special Purpose \$	Residents' Personal Trust \$
Balance at beginning of year	587,960	110,909	17,118	11,513	48,428	20,321	2,029	30,421	162,261	98,909	86,051
Capital receipts											
-Deposits	217,547	-	-	20,674	-	-	-	-	66,637	-	130,236
-Transfers from other trusts	23,763	-	-	-	-	-	-	-	-	-	23,763
Donations & Fundraising	5,955	-	-	-	-	-	-	-	-	5,955	-
Interest earned	17,700	3,105	479	533	1,356	601	57	852	4,679	3,204	2,834
	264,965	3,105	479	21,207	1,356	601	57	852	71,316	9,159	156,833
Expenditures											
-Transfers to revenue fund	98,705	-	-	-	-	588	-	-	-	98,117	-
-Residents' maintenance	7,953	-	-	-	-	-	-	-	-	-	7,953
-Withdrawals, purchases	158,755	-	-	7,877	-	-	-	-	-	3,895	146,983
	265,413	-		7,877		588				102,012	154,936
Balance at year end	587,512	114,014	17,597	24,843	49,784	20,334	2,086	31,273	233,577	6,056	87,948

BALANCE SHEET

as at December 31, 2008

ASSETS											
Cash	599,073	113,861	17,573	24,843	49,717	20,894	2,083	31,231	233,577	5,869	99,425
Investments at cost											
Guaranteed Investment Certificate											
Interest receivable	317	153	24	-	67	28	3	42	-	-	-
GST receivable	187	-	-	-	-	-	-	-	-	187	-
	504	153	24	-	67	28	3	42	-	187	-
TOTAL ASSETS	599,577	114,014	17,597	24,843	49,784	20,922	2,086	31,273	233,577	6,056	99,425
LIABILITIES AND FUND BALANCES											
Due to Operating	12,065	-	-	-	-	588	-	-	-	-	11,477
TOTAL LIABILITIES	12,065	-	-	-	-	588	-	-	-	-	11,477
FUND BALANCES	587,512	114,014	17,597	24,843	49,784	20,334	2,086	31,273	233,577	6,056	87,948
TOTAL LIABILITIES AND FUND BALANCES	599,577	114,014	17,597	24,843	49,784	20,922	2,086	31,273	233,577	6,056	99,425

**CITY OF PETERBOROUGH
COMBINED TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2008**

1. Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles for local governments as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. They are the representation of management and necessarily involve the use of best estimates and careful judgment.

(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:

1. Peterborough Public Library Board
2. Fairhaven

(b) Basis of Accounting

(i) Accrual basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are the cost of goods and services and are recognized when acquired in the period, whether or not payments have been made or invoices received.

(ii) Financial Instruments

The Trust Fund's financial instruments consist of cash, interest receivable, GST receivable and due to Province. It is management's opinion that the fair value of its financial instruments are not materially different from their carrying value unless otherwise noted. The City does not have any significant concentration of currency, interest or credit risks.