



City of
Peterborough

TO: Members of the Audit Committee

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

MEETING DATE: July 26, 2010

**SUBJECT: Report CPFRAS10-008
Treasurer's Report, 2009 Consolidated Financial Report, 2009
Trust Funds Financial Statement and Five-Year Review**

PURPOSE

A report to recommend the "Treasurer's Report, 2009 Consolidated Financial Report, the 2009 Trust Funds Financial Statement and Five Year Review" be received, that underlying accounting policies be approved, and the 2009 Financial Report be received and submitted to the Province.

RECOMMENDATIONS

That Council approve the recommendations outlined in report CPFRAS10-008 dated July 26, 2010, of the Senior Director of Corporate Services as follows:

- a) That Report CPFRAS10-008, "Treasurer's Report, 2009 Consolidated Financial Report, 2009 Trust Funds Financial Statement and Five Year Review" be received as information.
- b) That the underlying accounting policies as detailed in the Notes to the Financial Statements be approved.
- c) That the Treasurer's Report, 2009 Consolidated Financial Report, 2009 Trust Funds Financial Statement and Five Year Review, 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 external audit mandated by Section 296.1 of the Municipal Act, 2001. The audit involves the City’s external Auditor, Collins Barrow Kawarthas LLP, conducting the audit in accordance with Canadian generally accepted auditing standards. Those standards require that they plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The audit also involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements as well as assessing the accounting principles used and significant estimates made by management. The audit also evaluates the overall financial statement presentation.

The Treasurer’s Report and Five Year Review are supplementary to the financial statements. They are used to summarize, highlight and evaluate the financial health of the City and confirm its ability to meet future obligations. Although there is no separate audit report attached to these reports, they are generated from the same information used to compile the year-end financial statements.

Submitted by,

Brian W. Horton
Senior Director of Corporate Services

Contact Person

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Appendix A - Treasurer’s Report on the 2009 Financial Report for the City of
Peterborough

Appendix B - City of Peterborough – Five Year Review

Appendix C - Consolidated Financial Report Including Trust Funds Financial Statement

APPENDIX A

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

Treasurer's Report

December 31, 2009



July 26, 2010

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

Treasurer's Report on the 2009 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, 2009. 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 Budget process is an accountability process. It shows what the City plans to do with its financial resources over the coming year. Council approved the 2009 budget on January 19, 2009. Two key documents are prepared: an operating budget and a capital budget.

The Operating Budget is prepared on mostly a cash basis and provides for the day-to-day expenses of the City 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 closely linked and impact each other.

The Operating Budget presented in the 2009 Audited Financial Statements has been 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 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 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. These organizations make up what is known as the Reporting Entity. 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. As a government business enterprise, the City of Peterborough Holdings Inc. is accounted for on a Modified Equity basis, which means that the accounting principles of the organization is not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated. In 2009, the Peterborough Utilities Commission adopted PSAB standards, and as such, has been fully consolidated into the financial statements. Previous year balances have been re-stated where appropriate.

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 - Peterborough Downtown Business Improvement Area - The Village Business Improvement Area - Peterborough Housing Corporation - Peterborough Utilities Commission 	<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.

EXTERNAL AUDIT

The Financial Statements have been audited by the City's external auditors, Collins Barrow Kawartha 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

A New Reporting Model

For 2009, the City of Peterborough, like all local governments in Ontario adopted 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. Tangible Capital Assets are included on the Statement of Financial Position. Capital fund expenditures, as we know them, are removed from the Statement of Operations and replaced by amortization expense. 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 Accumulated Surplus.

Since the adoption of Public Sector Accounting Standards in 2000, 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. A fourth statement, called a Statement of Change in Net Financial Assets has been added for 2009. This statement provides 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. The statement answers the question... "did revenues raised in the year cover the City's spending in the year?"

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 Fund, Capital Fund 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 31st, whereas the Statement of Operations and Accumulated Surplus summarizes the transactions that have occurred throughout the calendar year.

Results of Operations

The Consolidated Statement of Operations and Accumulated Surplus reports the City's changes in economic resources and accumulated surplus for 2009 on a comparative basis.

During 2009, the City recorded consolidated revenues of \$249.4 million (2008 - \$261.5 million).

A summary of the key Revenue variances is shown on Chart 2:

Chart 2 Consolidated Revenues

	2009		2008		Variance Increase (decrease)
	\$	%	\$	%	\$
Property taxation	87,625,324	35.1	83,869,885	32.1	3,755,436
Taxation from other governments	2,528,124	1.0	2,428,810	0.9	99,314
User fees and service charges	60,374,022	24.2	57,373,500	21.9	3,000,522
Government grants	83,267,750	33.4	88,827,584	34.0	(5,559,834)
Development Levies and contribution from developers	1,981,005	0.8	6,517,846	2.5	(4,536,841)
Licenses, permits and rents	2,734,132	1.1	2,860,275	1.1	(126,143)
Fines and other charges	2,021,032	0.8	2,593,352	1.0	(572,320)
Penalties and interest on taxes	713,286	0.3	688,524	0.3	24,762
Donations and contributed capital assets	2,308,651	0.9	1,898,980	0.7	409,671
Loss of disposal of tangible capital assets	(761,880)	-0.3	-	-	(761,880)
Income from government business enterprise	3,479,705	1.4	7,471,258	2.9	(3,991,553)
Investment income	2,653,428	1.1	4,861,717	1.9	(2,208,289)
Other	454,154	0.2	2,078,136	0.8	(1,623,982)
Total Consolidated Revenues	249,378,733		261,469,867		(12,091,134)

Revenues decreased \$12.1 million from 2008 due to several factors:

- Development levies and contributions from developers – in 2008 there were some significant projects such as the Aylmer-Dalhousie Sewer Replacement and the Waste Water Treatment Plant Expansion that resulted in substantial draw from growth related development charges.
- Fines and other charges – in 2009 there was a significant decrease in net fines revenues collected through the Provincial Offences Office.
- Income from government business enterprise – the decrease from 2008 is attributable to a \$1.5 million one-time change in accounting policy for corporate income taxes and a decline in net income from \$5.98 million to \$3.48 million.
- Investment income – the decrease is a direct result of the decline in interest rates
- Other – 2008 included sale of lands in the amount of \$1.5 million

Consolidated expenses totaled \$224.2 million (2008 - \$218.9 million).

One of the big changes with the transition to the new reporting model is that spending on capital assets is no longer considered an expenditure in the year of acquisition (eg. deducted from revenue in calculating annual results). Instead, amortization charges – which represent the cost of using the capital assets during the year, is deducted from revenues in that year. For 2009, amortization amounted to \$20.4 million (2008 - \$19.4 million).

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

Chart 3 Consolidated Expenses

	2009		2008		Variance Increase (decrease)
	\$	%	\$	%	\$
General government	6,310,238	2.8	4,872,063	2.2	1,438,175
Protection	38,406,239	17.1	36,900,103	16.9	1,506,136
Transportation	25,589,772	11.4	29,450,733	13.5	(3,860,961)
Environmental	27,196,825	12.2	27,942,756	12.8	(745,931)
Health	10,612,850	4.7	11,275,641	5.2	(662,791)
Social and family	70,293,387	31.4	65,851,739	30.1	4,441,648
Social housing	20,741,018	9.3	18,871,228	8.6	1,869,790
Recreation and cultural	21,268,395	9.5	19,574,991	8.9	1,693,404
Planning and development	3,801,419	1.7	4,157,962	1.9	(356,543)
Total Consolidated Expenses	224,220,143		218,897,216		5,322,927

Expenses increased \$5.3 million from 2008 due to several factors:

- General government – included in 2009 is a payment under Bill 233, the Workplace Safety and Insurance Amendment Act in the amount of \$0.5 million.
- Transportation – overall expenses decreased \$3.8 million. The key variances were as a result of Winter Control activities, which decreased \$1.3 million and expenses associated with various transportation related projects, which did not result in a tangible capital asset decreased \$1.2 million.
- Social and family services – the increase in costs of \$4.4 million were mainly a result of costs associated with the Ontario Works program. Costs net of Provincial Subsidy were over budget by approximately \$0.4 million.
- Social Housing – overall expenses increased by \$1.9 million and were a direct result of initiatives related to Affordable Housing Programs.

The Annual Surplus amounts to \$25.2 million and is equal to the annual excess of revenues over expenses for the year (results of operations). This tells us that the revenues raised during the year covered the cost of services provided – including the annual cost of using capital assets to provide those services.

Under the new reporting standards, the City has an annual amortization charge of \$20.4 million (2008 - \$19.4 million) on capital assets that is much less than our annual capital spending (2009 - \$44.0 million, 2008 - \$44.8 million). The new format of the Statement of Operations reflects the annual amortization and the surplus that results and is used to pay the debt needed to finance the capital acquisition.

Financial Position

The new reporting model highlights a number of important messages about the City's financial results.

The net financial assets of \$83.5 million (2008 - \$81.0 million), which is the difference between the City's financial assets and its financial liabilities is a measure of the resources that the City has to finance future operations.

The net financial assets grew by \$2.5 million. This is an indicator that the revenues raised during the year were sufficient to cover both the operating and capital spending that occurred during the year. The increase in net financial assets is a result primarily from raising revenues in excess of operating expenses of \$25.2 million and amortization of tangible capital assets of \$20.4 million, to pay cash for some of the acquisition of tangible capital assets totaling \$44.0 million. For a more detailed accounting, refer to the Statement of Net Financial Assets on Pg. 5 of the consolidated financial statement.

The Accumulated surplus of \$579.7 million (2008 - \$554.5 million) represents the sum of the net financial assets of the City **PLUS** the City's capital assets at historic depreciated values. It represents the net resources (both financial and physical) that the City can use to provide future services.

This figure 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

	2009 \$	2008 \$
Surplus/(Deficit)		
Corporation of the City of Peterborough	2,896,059	2,995,810
Peterborough County-City Health Unit	9,713	(1,644)
The Village Business Improvement Area	10,082	11,448
Greater Peterborough Area Economic Development Corporation	(1,339)	(3,924)
Peterborough Downtown Business Improvement Area	81,653	64,705
Peterborough Utilities Commission	5,338,066	8,288,051
Peterborough Housing Corporation	45,243	140,827
Peterborough Public Library Board	181,067	91,008
Unfunded amounts		
Employee benefits	(27,052,727)	(26,360,477)
Solid waste landfill closure and post-closure	(3,576,737)	(3,665,535)
Accrued interest on long term debt	(720,708)	(798,956)
Inventory for resale	9,126,234	9,008,811
Equity in Government Business enterprise	75,055,899	74,432,922
	61,392,505	64,203,046
Invested in Tangible Capital Assets		
Equity in tangible capital assets	471,406,394	457,022,409
Unexpended capital	750,343	1,690,360
Long term debt	(47,337,741)	(51,197,194)
	424,818,996	407,515,575
Reserve Funds and Reserves		
Discretionary Reserve Funds	32,046,365	26,730,800
Reserves	61,433,375	56,075,224
	93,479,740	82,806,024
ACCUMULATED SURPLUS	579,969,241	554,524,645

CONCLUSION

The City of Peterborough, like many other municipalities, faces a number of financial challenges as it attempts to address its pressing infrastructure requirements. The values of the tangible capital assets shown in this financial report are based on historical costs, not replacement values. Available methods of financing such as reserves and reserve fund balances will be extremely important as the City's infrastructure continues to decline and needs replacement.

Available financing will dictate the balance between debt financing the future or a "pay-as-you-go" approach. Using sound capital financing policies, Council seeks to provide a reasonable level of service to its constituents while responding to such needs.

Submitted by,

Brian W. Horton
Senior Director of Corporate Services

APPENDIX B

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

Five Year Review

December 31, 2009

CITY OF PETERBOROUGH

FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2009	2008	2007	2006	2005
CURRENT PROGRAM ACTIVITY					
Consolidated Revenues					
Taxation	87,625	83,870	81,512	77,733	74,454
Taxation from other governments	2,528	2,429	2,472	2,357	2,356
Fees and service charges	60,374	57,374	47,208	44,952	41,553
Government grants and other Municipalities	83,268	88,828	76,004	70,704	69,727
Development levies	1,981	6,518	1,367	1,695	3,534
Investment and other revenue	13,603	22,451	16,393	16,951	19,849
	249,379	261,470	224,956	214,392	211,473
Expenses	224,212	218,889	168,358	168,358	159,589
Growth in accumulated surplus	25,167	42,581	56,598	46,034	51,884

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NET LONG TERM LIABILITIES

For general municipal activities	49,601	54,794	51,686	52,136	54,089
For municipal enterprises	4,011	4,497	4,954	5,384	5,789
	53,612	59,291	56,640	57,520	59,878

General municipal activities - net long term liabilities as % of CVA	0.8%	1.0%	0.9%	1.0%	1.2%
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CHARGES FOR NET LONG TERM LIABILITIES

General municipal activities and for municipal enterprise	8,693	8,533	8,389	8,733	8,409
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CURRENT VALUE ASSESSMENT (CVA) - TAXABLE

Residential and farm	5,202,852	4,878,393	4,747,002	4,667,684	3,816,233
Commercial and industrial	896,233	811,357	804,513	775,595	705,069
	6,099,085	5,689,750	5,551,515	5,443,279	4,521,302

Percentage increase from previous year	7.19%	2.49%	1.99%	20.39%	2.53%
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(Note: Market value re-assessments took place in both 2006 and 2009. For 2009, the re-assessment is being phased in over 4 years.)

Commercial / industrial CVA as percentage of total	14.7%	14.3%	14.5%	14.2%	15.6%
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CITY OF PETERBOROUGH

FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2009	2008	2007	2006	2005
VALUE OF BUILDING PERMITS ISSUED					
Residential	61,706	71,028	91,550	39,805	60,331
Commercial	16,474	39,598	26,084	16,714	28,235
Industrial	1,419	8,068	6,310	4,188	13,844
Institutional	48,326	26,172	719	3,251	13,513
	127,924	144,866	124,663	63,958	115,923
Percentage increase (decrease) from previous year	-11.7%	16.2%	94.9%	-44.8%	-56.4%
TAX LEVY AND ARREARS					
Tax levy					
Current year's tax levy - municipal and education combined	117,699	114,472	110,907	106,938	101,836
Percentage increase over previous year	2.8%	3.2%	3.7%	5.0%	5.4%
Tax arrears					
Total arrears (excluding Allowance for Doubtful Accounts)	5,117	5,430	4,918	4,807	5,425
Percentage increase (decrease) over previous year	-5.8%	10.4%	2.3%	-11.4%	28.7%
Tax arrears as a percentage of current tax levy	4.3%	4.7%	4.4%	4.5%	5.3%
POPULATION & SIZE					
Estimated Population (Maintained at 2006 Census level)	74,900	74,900	74,900	74,900	74,200
Area in acres	16,523	16,523	15,164	15,164	15,164
PER CAPITA INFORMATION					
CVA - Taxable	81,430	75,965	74,119	72,674	60,934
Expenses	2,993	2,922	2,248	2,248	2,151
(Note: For 2005-2007, the expenses have not been restated to reflect the change in accounting policy concerning tangible capital assets.)					
Net long-term debt for general municipal activities and municipal enterprise	716	792	756	768	807
Tax arrears	68	72	66	64	73

CITY OF PETERBOROUGH

FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2009	2008	2007	2006	2005
RATES OF TAXATION					
Municipal tax rates					
Residential	1.2128320%	1.2413430%	1.2153940%	1.1763500%	1.3286950%
Multi-residential	2.4391260%	2.5139680%	2.4842650%	2.4044590%	2.7158530%
New Multi-residential	1.2128320%	1.2413430%	1.2153940%	N/A	N/A
Commercial	2.2078390%	2.2864300%	2.2985530%	2.2247130%	2.5128280%
Commercial Vacant	1.5454880%	1.6005010%	1.6089870%	1.5572990%	1.7589800%
Industrial	3.1504520%	3.2245130%	3.1964860%	3.0938010%	3.5598830%
Industrial Vacant	2.0477940%	2.0959330%	2.0777160%	2.0109700%	2.3139240%
Pipeline	1.5410240%	1.5772500%	1.5442800%	1.4946700%	1.6882400%
Farmlands	0.3032080%	0.3103360%	0.3038490%	0.2940880%	0.3321740%
Education tax rates					
Residential	0.2520000%	0.2640000%	0.2640000%	0.2640000%	0.2960000%
Multi-residential	0.2520000%	0.2640000%	0.2640000%	0.2640000%	0.2960000%
New Multi-residential	0.2520000%	0.2640000%	0.2640000%	N/A	N/A
Commercial	1.8035900%	1.9527950%	1.9599950%	1.9599950%	2.1426170%
Commercial Vacant	1.2625130%	1.3669570%	1.3719970%	1.3719970%	1.4998320%
Industrial	2.6598900%	2.8631850%	2.8889640%	2.8889640%	3.1127470%
Industrial Vacant	1.7289290%	1.8610700%	1.8778270%	1.8778270%	2.0232860%
Pipeline	1.3957010%	1.4310350%	1.4310350%	1.4310350%	1.4445040%
Farmlands	0.0630000%	0.0660000%	0.0660000%	0.0660000%	0.0740000%
Combined municipal and education tax rates					
Residential	1.4648320%	1.5053430%	1.4793940%	1.4403500%	1.6246950%
Multi-residential	2.6911260%	2.7779680%	2.7482650%	2.6684590%	3.0118530%
Commercial	4.0114290%	4.2392250%	4.2585480%	4.1847080%	4.6554450%
Commercial Vacant	2.8080010%	2.9674580%	2.9809840%	2.9292960%	3.2588120%
Industrial	5.8103420%	6.0876980%	6.0854500%	5.9827650%	6.6726300%
Industrial Vacant	3.7767230%	3.9570030%	3.9555430%	3.8887970%	4.3372100%
Pipeline	2.9367250%	3.0082850%	2.9753150%	2.9257050%	3.1327440%
Farmlands	0.3662080%	0.3763360%	0.3698490%	0.3600880%	0.4061740%

APPENDIX C

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

Consolidated Financial Report

December 31, 2009

**CORPORATION OF THE
CITY OF PETERBOROUGH
CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2009**

**CORPORATION OF THE
CITY OF PETERBOROUGH
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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City of Peterborough

500 George Street North, Peterborough Ontario, K9H 3R9

THE CORPORATION OF THE CITY OF PETERBOROUGH

For The Year Ended December 31, 2009

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, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows 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, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
May 1, 2010

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
FINANCIAL ASSETS		
Cash and temporary investments	96,873,646	95,477,312
Taxes receivable (Note 4)	2,452,559	3,586,539
Accounts receivable (Note 5)	23,455,895	19,456,944
Inventory for resale	9,130,505	9,045,201
Investments (Note 6)	11,185,412	13,967,586
Other receivables (Note 7)	455,076	541,030
Investment in Government Business Enterprise (Note 8)	80,805,899	80,182,922
	224,358,992	222,257,534
LIABILITIES		
Accounts payable and accrued liabilities	24,647,231	25,810,494
Deferred revenue	8,923,087	5,826,851
Solid waste landfill closure and post-closure (Note 9)	3,576,737	3,665,535
Deferred revenue - obligatory reserves (Note 10)	21,183,603	18,562,753
Employee benefits and other liabilities (Note 11)	28,923,789	28,096,531
Long term debt (Note 12)	53,612,441	59,291,178
	140,866,888	141,253,342
NET FINANCIAL ASSETS	83,492,104	81,004,192
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	495,123,794	472,718,125
Prepaid expenses	516,640	293,975
Inventory of supplies	712,179	669,835
	496,352,613	473,681,935
ACCUMULATED SURPLUS (NOTE 14)	579,844,717	554,686,127

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For The Year Ended December 31, 2009

	Budget 2009 \$	2009 \$	Restated 2008 \$ (Note 2)
REVENUES			
Property taxation	87,706,148	87,625,324	83,869,885
Taxation from other governments	2,584,000	2,528,124	2,428,810
User fees and service charges	59,939,189	60,374,022	57,373,500
Government grants and other municipalities	77,686,418	83,267,750	88,827,584
Development levies and contributions from developers	5,878,565	1,981,005	6,517,846
Licenses, permits and rents	3,148,213	2,734,132	2,860,275
Fines and other charges	2,795,000	2,021,032	2,593,352
Penalties and interest on taxes	600,000	713,286	688,524
Investment income	5,894,633	2,653,428	4,861,717
Donations and contributed tangible capital assets	88,900	2,308,651	1,898,980
Loss on disposal of tangible capital assets	-	(761,880)	-
Other	428,230	454,154	2,078,136
Income from government business enterprise (Note 8)	-	3,479,705	7,471,258
TOTAL REVENUES	246,749,296	249,378,733	261,469,867
EXPENSES			
General government	6,926,199	6,310,238	4,872,063
Protection services	39,600,937	38,406,239	36,900,103
Transportation services	28,077,108	25,589,772	29,450,733
Environmental services	31,280,502	27,196,825	27,942,756
Health services	10,282,819	10,612,850	11,275,641
Social and family services	64,522,925	70,293,387	65,851,739
Social housing	18,393,857	20,741,018	18,871,228
Recreation and cultural services	19,277,720	21,268,395	19,574,991
Planning and development	3,645,992	3,801,419	4,157,962
TOTAL EXPENSES	222,008,059	224,220,143	218,897,216
ANNUAL SURPLUS	24,741,237	25,158,590	42,572,651
ACCUMULATED SURPLUS, beginning of year	554,686,127	554,686,127	512,113,476
ACCUMULATED SURPLUS, end of year	579,427,364	579,844,717	554,686,127

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For The Year Ended December 31, 2009

	Budget 2009 \$	2009 \$	Restated 2008 \$ (Note 2)
Annual Surplus	24,741,237	25,158,590	42,572,651
Amortization of tangible capital assets	18,712,577	20,391,912	19,352,707
Proceeds on disposal of tangible capital assets	-	453,407	-
Loss on sale of tangible capital assets	-	761,880	-
Acquisition of tangible capital assets	(38,762,400)	(44,012,868)	(44,789,648)
Change in prepaid expenses	-	(222,665)	(36,412)
Change in inventory of supplies	-	(42,344)	(48,495)
INCREASE IN NET FINANCIAL ASSETS	4,691,414	2,487,912	17,050,803
NET FINANCIAL ASSETS, beginning of year	81,004,192	81,004,192	63,953,389
NET FINANCIAL ASSETS, end of year	85,695,606	83,492,104	81,004,192

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED STATEMENT OF CASH FLOWS For The Year Ended December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
OPERATIONS		
Annual Surplus	25,158,590	42,572,651
Non-cash charges to operations:		
Amortization	20,391,912	19,352,707
Loss on disposal of tangible capital assets	761,880	-
Income from government business enterprises	(3,479,705)	(7,471,258)
Sources (uses) of cash:		
Taxes receivable	1,133,980	(359,931)
Accounts receivable	(3,998,951)	(3,101,745)
Inventory for resale	(85,304)	(9,401)
Other receivables	85,954	58,603
Accounts payable and accrued liabilities	(1,163,263)	986,064
Deferred revenue	3,096,236	1,400,092
Deferred revenue - obligatory reserves	2,620,850	(686,963)
Solid waste landfill closure and post-closure	(88,798)	144,718
Employee benefits and other liabilities	827,258	930,566
Prepaid expenses	(222,665)	(36,412)
Inventory of supplies	(42,344)	(48,495)
Net increase in cash related to operations	44,995,630	53,731,196
CAPITAL		
Proceeds on disposal of tangible capital assets	453,407	-
Acquisition of tangible capital assets	(44,012,868)	(44,789,648)
Net decrease in cash related to capital	(43,559,461)	(44,789,648)
INVESTING		
Decrease in investments	2,782,174	2,867,290
Dividends received from government business enterprise	2,856,728	3,252,788
Net increase in cash related to investing	5,638,902	6,120,078
FINANCING		
Long term debt issued	-	7,876,800
Long term debt principal repayment	(5,678,737)	(5,226,175)
Net (decrease) increase in cash related to financing	(5,678,737)	2,650,625
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,396,334	17,712,251
CASH AND CASH EQUIVALENTS, beginning of year	95,477,312	77,765,061
CASH AND CASH EQUIVALENTS, end of year	96,873,646	95,477,312

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

The City of Peterborough is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Municipal Affairs Act and related legislation.

1. Significant Accounting Policies

The consolidated financial statements of The Corporation of the City of Peterborough (the "City") are the representations of management prepared in accordance with accounting principles for local governments as established by the Public Sector Accounting Board (PSAB) of 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.

Reporting Entity

These consolidated financial statements reflect the assets, liabilities, sources of financing, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. During the year, the Peterborough Utilities Commission adopted Public Sector Accounting Board Policies and is now fully consolidated in these financial statements. In previous financial statements they were accounted for using the modified equity basis. This change has been applied retroactively. 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
5. Peterborough Utilities Commission

The City has several partnership agreements in place with The Corporation of the County of Peterborough and as such, consistent with generally accepted accounting treatment for government partnerships, the following local boards are accounted for on a proportionate consolidation basis whereby the City's pro rata share of each of the assets, liabilities, revenues and expenses are combined on a line by line basis in the financial statements. These include:

1. Fairhaven (2009 - 66%) (2008 - 66%)
2. Peterborough County-City Health Unit (2009 - 57%) (2008 - 57%)
3. Greater Peterborough Area Economic Development Corporation (2009 - 60%) (2008 - 60%)
4. Peterborough County-City Waste Management Facility (2009 - 50%) (2008 - 50%)

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

City of Peterborough Holdings Inc. is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

1. Significant Accounting Policies - continued

Trust Funds

Trust funds and their related operations administered by the City are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of the tangible capital assets are amortized on a straight-line basis over the expected useful life of the assets, with the exception of the Peterborough Utilities Commission that uses the declining balance basis at a rate of 5% per annum, as follows:

Land improvements	10-50 years
Buildings	10-60 years
Vehicles, machinery and equipment	2-30 years
Books and materials	7 years
Roads and sidewalks	10-100 years
Water, storm and waste water systems	5-100 years

Assets under construction are not amortized. When assets under construction are put in service they are transferred to the appropriate tangible capital asset classification.

Tangible capital assets received as contributions are recorded at their fair value at the date of transfer and are also recorded as revenue.

Recognition of Revenue and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for the provision of services. They have useful lives beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year combined with the annual surplus provides the change in net financial assets for the year.

Deferred Revenue

Deferred revenue generally represents user charges, grants and fees which have been received but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

1. Significant Accounting Policies - continued

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 earned.

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.

Taxation and Related Revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Municipal tax rates are established annually by City Council, incorporating amounts to be raised for local services. The City is required to collect on behalf of the Province of Ontario in respect of education taxes based on rates established by the Province. Taxation revenues are recorded at the time tax billings are issued. A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessment. 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 are shared with the school boards as appropriate.

The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Investment Income

Investment income earned on surplus 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.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

1. Significant Accounting Policies – continued

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 as entitlements are earned. Sick leave benefits for members of the Peterborough Professional Firefighter’s Association are accrued when they are vested and subject to pay out when an employee leaves the City’s employ.

Other post-employment benefits are accrued in accordance with the projected benefit method prorated on service and management’s best estimate of salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Financial Instruments

The City’s financial instruments consist of cash and temporary investments, taxes receivable, accounts receivable, investments, other receivables, accounts payable and accrued liabilities and long term debt. 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. Restatement For Change In Accounting Policy

The City has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook that requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

Adjustment to 2008 tangible capital assets:	
Assets previously expensed to December 31, 2008	761,940,934
Accumulated amortization to December 31, 2008, not previously recorded	(289,222,809)
<hr/>	
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	472,718,125

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

2. Restatement For Change In Accounting Policy - continued

Adjustments to Opening 2008 Accumulated Surplus:

Current fund	1,341,771
Capital fund	6,947,931
Reserves and reserve funds	54,243,323
Equity in government business enterprises	161,603,949

Accumulated surplus as previously stated	224,136,974
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Amounts to be recovered as previously stated	(84,223,527)
Net book value of tangible capital assets at January 1, 2008	363,990,419
Recognition of industrial land held for resale	9,008,811
Accrued interest and principal related to long term debt	(799,201)

Opening 2008 accumulated surplus as restated	512,113,476
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Adjustments to Opening 2008 Annual Surplus:

2008 annual surplus as previously stated	18,312,687
Add: Assets capitalized but previously expensed	44,789,648
Less: Amortization expense not previously recorded	(19,352,707)
Less: Additional adjustment to surplus and full consolidation of Peterborough Utilities Commission	(1,176,977)

2008 annual surplus as restated	42,572,651
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CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

3. Transfers To The School Boards

During 2009, the City made property tax transfers to the School Boards. The amounts collected and remitted amounted to \$30,517,798 (2008 - \$29,876,757). These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

4. Taxes Receivable

This figure is comprised of the following:

	2009	2008
	\$	\$
Current year's levies	2,425,197	2,198,140
Previous year's levies	1,000,528	1,136,578
Prior year's levies	1,018,998	1,011,217
Penalties and interest	672,458	754,494
	5,117,181	5,100,429
Allowance for uncollectible taxes	(2,664,622)	(1,513,890)
	2,452,559	3,586,539

5. Accounts Receivable

This figure is comprised of the following:

	2009	2008
	\$	\$
Government of Canada	1,375,979	1,425,977
Government of Ontario	2,239,263	3,873,353
Other Municipalities and school boards	2,013,474	707,023
User Charges and other receivables	17,827,179	13,450,591
	23,455,895	19,456,944

6. Investments

The investments have a market value of \$11,185,412 (2008 - \$13,967,586) at the end of the year. Any discount on the purchase price is amortized over the life of the investment.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

7. Other Receivables

This figure is comprised of the following:

	2009	2008
	\$	\$
Employee Computer Purchase Plans	106,636	135,945
Loan – Peterborough Lakers Lacrosse Association	96,000	108,000
Trent University – Woodland Acres Sanitary Sewer	204,040	202,548
Other loans receivable	48,400	94,537
	455,076	541,030

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 \$28,400 (2008 - \$40,720) approved by Council to qualifying community groups have been made on an interest free basis.

8. Investment in Government Business Enterprise

This figure is comprised of the following investment in City of Peterborough Holdings Inc.:

	2009	2008
	\$	\$
Notes Receivable 6.15% (2008 – 6.25%)	23,440,528	23,440,528
Notes Receivable 7.25%	2,508,677	2,508,677
Shares	28,399,205	28,399,205
	54,348,410	54,348,410
Retained earnings:		
Beginning balance	20,084,512	17,366,042
Net earnings	3,479,705	5,971,258
Less dividends	(2,856,728)	(3,252,788)
	20,707,489	20,084,512
Equity in government business enterprises	75,055,899	74,432,922
Short term advances due on demand with interest at bank prime less 1 ¼ %	5,750,000	5,750,000
	80,805,899	80,182,922

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

8. Investment in Government Business Enterprise - continued

City of Peterborough Holdings Inc.

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,
Peterborough Distribution Inc. and
Peterborough Utilities 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 equity method is used to account for the company's investment in Trent Rapids Power Corporation.

The following table provides condensed financial information in respect of City of Peterborough Holdings Inc. for its fiscal years ending December 31.

Financial Position:

	2009 \$	2008 \$
Current assets	37,080,440	33,627,680
Capital assets	65,121,860	63,053,377
Regulatory assets	7,878,770	2,133,654
Investment	4,012,500	3,666,150
Future income taxes	4,331,000	4,236,000
Total assets	118,424,570	106,716,861
Current liabilities	15,410,014	13,505,053
Notes payable	31,699,205	31,699,205
Other long term liabilities	21,799,157	12,671,886
Future taxes	409,500	357,000
Total liabilities	69,317,876	58,233,144
Shareholder's Equity		
Capital stock	28,399,205	28,399,205
Retained earnings	20,707,489	20,084,512
	49,106,694	48,483,717
Total liabilities and shareholder's equity	118,424,570	106,716,861

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

8. Investment in Government Business Enterprise - continued

Results of Operations:

	2009	2008
	\$	\$
Revenues	93,135,444	89,763,533
Expenses	87,948,239	84,410,908
Net Income before provision for corporate taxes	5,187,205	5,352,625
Provision for corporate taxes	1,707,500	1,896,388
Income before income from discontinued operations	3,479,705	3,456,237
Income from discontinued operations	-	2,515,021
Net Income	3,479,705	5,971,258
Change in accounting policy – corporate income taxes	-	1,500,000
Income from government business enterprise	3,479,705	7,471,258

During the year the City received dividends totalling \$2,856,728 (2008 - \$3,252,788) and interest totalling \$1,623,472 (2008 - \$1,646,912) on the notes receivable.

9. Solid waste landfill closure and post closure

The solid waste landfill closure and post closure liability of \$3,576,737 (2008 - \$3,665,535) is 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, 2009 is \$7,771,490 (2008 - \$7,966,390). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.1% (2008 - 2.3%), discounted at a rate of 5% (2008 - 5%). As the ownership of the facility is shared equally between the County and City of Peterborough, the liability recorded in these financial statements represents 50% of the estimated actual liability pro-rated on the basis of capacity used at the site. Estimated utilization of existing site capacity at December 31 is 92% (2008 - 87%).

The site currently being used is referred to as the South Fill Area and is expected to reach capacity in 2011 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 expenses, capacity used or total capacity. The estimated change in liability would be recognized prospectively, when applicable.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

10. Deferred Revenue - Obligatory Reserve Funds

A requirement of 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.

This figure is comprised of the following:

	2009 \$	2008 \$
Development Charges	14,681,960	12,724,431
Parkland	1,464,809	1,374,363
Building Code Act	355,823	488,437
Federal Gasoline Tax	4,141,348	3,327,208
Provincial Gasoline Tax	539,663	648,314
	21,183,603	18,562,753

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.

This figure is comprised of the following:

	2009 \$	2008 \$
Accrued benefit liability, beginning of year	28,096,531	27,145,341
Actuarial loss	781,879	-
	28,878,410	27,145,341
Current period benefit expense	1,843,020	1,452,375
Plan amendment	246,191	-
Interest	1,220,314	1,170,050
Benefit payments	(2,539,309)	(1,646,366)
Accrued benefit liability, end of year	29,648,626	28,121,400
Unamortized actuarial loss	(724,837)	(24,869)
	28,923,789	28,096,531

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

11. Employee Benefits And Other Liabilities – continued

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%

Retirement Benefits

Full-time employees of the City are provided with Health Care and Dental benefits while active. Certain benefits are also provided in early retirement if the retiree is eligible to receive an OMERS pension. The benefits cease on the retiree's 65th birthday.

Life Insurance

Full-time employees of the City are provided with Life Insurance of two times salary while they are active employees. This coverage terminates at retirement. However, the member is provided with the option to continue the Life Insurance at a reduced amount until death as long as the member pays the blended premium rate for the coverage.

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, 2009.

Liability for Vested Sick Leave

Fire Services and Fairhaven employees may vest a portion of their unused sick leave and earn entitlement to a cash payment when they leave the City's employment. Other employee groups have opted to join a new plan that does not have a vesting feature. The accrued benefit obligation and the net periodic benefit cost were determined by an actuarial review completed as of December 31, 2009.

Vacation Pay Entitlements

Vacation pay entitlements are based on employee's years of service. Current obligations total \$2,323,141 of which \$1,871,062 does not need to be recovered in future periods.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

12. Long Term Debt

The long term debt reported on the Consolidated Statement of Financial Position 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%.

Future year's repayment obligations are comprised of the following:

	2010 to 2014 \$	2015 to 2019 \$	2020 to 2023 \$	Total \$
From general revenues	27,717,934	20,532,705	5,286,238	53,536,877
From benefiting landowners	75,564	-	-	75,564
	27,793,498	20,532,705	5,286,238	53,612,441

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

Interest on long-term liabilities amounted to \$3,013,667 in 2009 (2008 - \$3,067,285).

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

13. Tangible Capital Assets

This figure is comprised of the following:

	Net Book Value	
	2009	2008
	\$	\$
General		
Land and land improvements	62,607,343	58,844,437
Buildings	84,332,769	77,469,007
Machinery and equipment	6,844,701	6,024,858
Vehicles	16,911,360	16,113,825
Books and materials	1,204,632	1,131,444
Infrastructure		
Land	24,009,650	23,959,684
Buildings	8,020,494	6,359,633
Vehicles	2,084,978	2,516,699
Roadways and sidewalks	85,765,515	79,037,502
Storm sewer system	39,960,602	39,661,280
Wastewater system	48,301,467	37,903,335
Water system	75,235,320	73,360,542
	455,278,831	422,382,246
Assets under construction	39,844,963	50,335,879
Total tangible capital assets	495,123,794	472,718,125

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

During the year, there were no write-downs of assets (2008 - \$Nil) and no interest capitalized (2008 - \$Nil). Assets contributed to the City were capitalized at their fair value and amounted to \$2,051,312 (2008 - \$1,603,880).

Historical treasures and works of art held by the City are not included in the balances above.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

13. Tangible Capital Assets - continued

	Net Book Value	
	2009 \$	2008 \$
General government	21,296,730	20,512,734
Protection to persons and property	4,314,248	4,384,276
Transportation services	116,363,489	108,682,806
Environmental services	181,174,004	164,094,217
Health services	261,992	287,069
Social and family services	12,954,524	13,667,394
Social housing	32,036,351	23,242,274
Recreation and cultural services	64,972,568	65,652,520
Planning and development	21,904,925	21,858,956
Assets under construction	39,844,963	50,335,879
Total tangible capital assets	495,123,794	472,718,125

14. Accumulated Surplus

This figure consists of individual fund surplus/(deficit), unfunded amounts, reserve and reserve funds and other components and is comprised of the following:

	2009 \$	2008 \$
Surplus/(Deficit)		
Corporation of the City of Peterborough	2,896,059	2,995,810
Peterborough County-City Health Unit	9,713	(1,644)
The Village Business Improvement Area	10,082	11,448
Greater Peterborough Area Economic Development Corporation	(1,339)	(3,924)
Peterborough Downtown Business Improvement Area	81,653	64,705
Peterborough Utilities Commission	5,338,066	8,288,051
Peterborough Housing Corporation	45,243	140,827
Peterborough Public Library Board	181,067	91,008
Unfunded amounts		
Employee benefits	(27,052,727)	(26,360,477)
Solid waste landfill closure and post-closure	(3,576,737)	(3,665,535)
Accrued interest on long term debt	(720,708)	(798,956)
Inventory for resale	9,126,234	9,008,811
Equity in government business enterprise	75,055,899	74,432,922
	61,392,505	64,203,046

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

14. Accumulated Surplus - continued

Invested in Tangible Capital Assets		
Tangible capital assets (net)	471,559,870	457,183,891
Unexpended capital	750,343	1,690,360
Long term debt	(47,337,741)	(51,197,194)
	424,972,472	407,677,057
Reserve Funds and Reserves		
Discretionary reserve funds	32,046,365	26,730,800
Reserves	61,433,375	56,075,224
	93,479,740	82,806,024
ACCUMULATED SURPLUS	579,844,717	554,686,127

15. Expenses by Object

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

	Budget 2009 \$	2009 \$	Restated 2008 \$ (Note 2)
Salary, wages and employee benefits	84,279,462	84,484,477	82,530,904
Interest on long term debt	3,746,222	3,013,667	3,067,285
Materials	31,729,693	29,287,449	29,355,886
Contracted services	42,607,659	41,370,887	42,723,178
Rents and financial expenses	1,785,587	1,736,086	1,908,206
External transfers	39,146,859	43,935,665	39,959,050
Amortization	18,712,577	20,391,912	19,352,707
	222,008,059	224,220,143	218,897,216

16. 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 expenses contributed by the City during the fiscal period being reported.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

16. Partnerships With The County of Peterborough - continued

The following provides a brief description of the nature and purpose of each entity and condensed financial information.

Fairhaven

Fairhaven is dedicated to serving the continuum of long-term care needs of Peterborough City and County by providing innovative programs and services to clients in a caring environment that upholds dignity and promotes quality of life.

Financial Position:

	2009		2008	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	3,944,684	2,629,789	4,344,307	2,896,205
Liabilities	21,224,359	14,149,573	22,018,969	14,679,313
Net debt	(17,279,675)	(11,519,784)	(17,674,662)	(11,783,108)
Non-financial assets	19,431,449	12,954,299	20,513,725	13,675,817
Accumulated surplus	2,151,774	1,434,515	2,839,063	1,892,709

Results of Operations:

	2009		2008	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	16,937,432	11,291,621	17,546,152	11,697,434
Expenses	17,624,721	11,749,814	16,774,303	11,182,869
Annual (deficit) surplus	(687,289)	(458,193)	771,849	514,565

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.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

16. Partnerships With The County of Peterborough - continued

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:

	2009		2008	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	2,566,722	1,463,032	2,640,648	1,505,169
Liabilities	2,096,156	1,194,809	2,194,989	1,251,143
Net financial assets	470,566	268,223	445,659	254,026
Non-financial assets	515,049	293,578	557,810	317,952
Accumulated surplus	985,615	561,801	1,003,469	571,978

Results of Operations:

	2009		2008	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	11,309,862	6,446,621	10,461,780	5,963,217
Expenses	11,327,536	6,456,696	10,488,321	5,978,344
Annual deficit	(17,674)	(10,075)	(26,541)	(15,127)

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

16. Partnerships With The County of Peterborough - continued

Greater Peterborough Area Economic Development Corporation (GPAEDC)

The GPAEDC 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:

	2009		2008	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	234,715	140,829	347,347	208,408
Liabilities	272,238	163,343	391,845	235,107
Net debt	(37,523)	(22,514)	(44,498)	(26,699)
Non-financial assets	6,173	3,704	-	-
Accumulated deficit	(31,350)	(18,810)	(44,498)	(26,699)

Results of Operations:

	2009		2008	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	2,144,249	1,286,550	1,937,428	1,162,457
Expenses	2,131,101	1,278,661	2,046,348	1,227,809
Annual surplus (deficit)	13,148	7,889	(108,920)	(65,352)

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

16. Partnerships With The County of Peterborough - continued

Peterborough County-City Waste Management Facility

On July 1, 2002, the City and County of Peterborough entered into an agreement to jointly develop and operate a waste disposal facility. The Facility will receive non-hazardous waste from the County and City in accordance with the applicable regulations and the Certificate of Approval issued by the Ministry of the Environment and Energy to develop, operate and close the Facility. All revenues and expenses related to the development, management, closure, post-closure care and monitoring of the Facility are shared equally by both organizations.

Included in the Statement of Financial Position is an amount due from the County of \$80,693 (2008 - \$137,268).

Results of operations:

	2009		2008	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	4,044,292	1,996,221	4,433,762	2,216,881
Expenses	2,474,845	1,237,422	2,589,564	1,294,782
Net revenues	1,569,447	758,799	1,844,198	922,099

17. 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 2009, the current service cost amounted to \$4,485,814 (2008 - \$4,198,192).

18. Trust Funds

Trust funds administered by the Corporation of the City of Peterborough amounting to \$674,126 (2008 - \$599,577) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities. As such balances are held in trust by the City for the benefit of others, they are not presented as part of the City financial position or financial activities.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

19. Budget Figures

The operating budget approved by the City, for 2009 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

20. Lease Commitments

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

	(a)	(b)	Total
2010	3,096,800	569,143	3,665,943
2011	2,789,732	552,506	3,342,238
2012	2,375,036	552,506	2,927,542
2013	2,411,960	-	2,411,960
2014	2,449,957	-	2,449,957
Thereafter	29,809,591	-	29,809,591
Total minimum lease payments	42,933,076	1,674,155	44,607,231
Less: payments assumed by sub-lessee	24,257,946	-	24,257,946
	18,675,130	1,674,155	20,349,285

(a) 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 an agreement to sublease the premises to Americredit Financial Services of Canada Ltd, the terms of which expire July 31, 2019. Although there are provisions in the sublease agreement to either terminate the lease prior to this date, or, alternatively extend it for a further 7 years, the above table assumes that the sublease will continue to July 31, 2019. It is the City's expectation that the sublease will remain in place for the duration of the 25 years.

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

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

21. 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 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.

22. 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.

23. Provincial Offences Offices

Revenues from the POA office consist of fines levied under Parts I and III (including delay penalties) for POA charges filed at 99 Simcoe Street in Peterborough. Offenders may pay their fines at any court office in Ontario, at which time, their receipt is recorded in the Integrated Courts Operation Network system ("ICON") operated by the Province of Ontario. The City of Peterborough recognizes fine revenue when the receipt of funds is recorded by ICON and matched to the offence notice, regardless of the location where payment is made.

Gross and net revenues for the year ended December 31, 2009, amounted to \$1,915,141 (2008 - \$2,487,184) and \$1,023,641 (2008 - \$1,581,167) 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 2009, the proportion based on weighted assessment for the City was 47.7% (2008 - 47.4%). Based on this percentage, the City's portion of Net Revenues was \$488,277 (2008 - \$749,473).

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

24. 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 expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

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.

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 and assistance to aged persons provided by Fairhaven and childcare services.

Social Housing Services

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

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2009

24. Segmented Information - continued

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs, library services and information about the City's heritage through the Peterborough Museum and Archives.

Planning and Development Services

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

Electric Utility

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

25. Subsequent Event

In March 2010, the City, in the normal course of operations, issued instalment debentures in the amount of \$29,628,000 maturing 2011-2025. Interest rates range from 1.0% to 5.1%.

26. Comparative Figures

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

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For The Year Ended December 31, 2009

	General											Total \$		
	Land and land improvements	Buildings	Machinery and equipment	Vehicles	Books and materials	Land	Buildings	Vehicles	Roadways and sidewalks	Storm sewer system	Wastewater System		Water System	Assets under Construction
COST														
Balance, beginning of year	76,766,888	145,886,754	15,858,910	24,089,366	2,056,566	23,959,684	9,559,080	5,306,312	154,952,245	55,408,928	64,224,587	133,535,734	50,335,879	761,940,933
Add: Additions	2,090,513	279,303	958,251	2,384,677	375,825	49,966	97,230	-	4,712,416	367,473	549,699	5,870,320	26,277,195	44,012,868
Less: disposals and retirements	366,504	-	62,873	557,945	-	-	-	-	1,573,840	157,294	120,309	-	-	2,838,765
Interfund transfers	3,274,082	10,619,888	1,285,080	43,827	-	-	1,844,338	-	7,054,211	844,776	11,801,909	-	(36,768,111)	-
BALANCE, end of year	81,764,979	156,785,945	18,039,368	25,959,925	2,432,391	24,009,650	11,500,648	5,306,312	165,145,032	56,463,883	76,455,886	139,406,054	39,844,963	803,115,036
ACCUMULATED AMORTIZATION														
Balance, beginning of year	17,922,451	68,417,747	9,834,052	7,975,541	925,122	-	3,199,447	2,789,613	75,914,743	15,747,648	26,321,252	60,175,192	-	289,222,808
Add: Amortization	1,250,634	4,035,429	1,394,456	1,488,243	302,637	-	280,707	431,721	4,452,348	842,207	1,917,988	3,995,542	-	20,391,912
Less: disposals and retirements	15,449	-	33,841	415,219	-	-	-	-	987,574	86,574	84,821	-	-	1,623,478
BALANCE, end of year	19,157,636	72,453,176	11,194,667	9,048,565	1,227,759	-	3,480,154	3,221,334	79,379,517	16,503,281	28,154,419	64,170,734	-	307,991,242
NET BOOK VALUE	62,607,343	84,332,769	6,844,701	16,911,360	1,204,632	24,009,650	8,020,494	2,084,978	85,765,515	39,960,602	48,301,467	75,235,320	39,844,963	495,123,794

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For The Year Ended December 31, 2009

	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	13,345,336	26,918,500	12,039,720	4,687,955	3,671,501	13,906,139	3,329,762	7,509,490	2,216,921	-	87,625,324
Taxation from other governments	385,033	776,640	347,364	135,255	105,928	401,213	96,069	216,660	63,962	-	2,528,124
User fees and service charges	510,293	660,884	8,399,585	32,430,791	227,579	5,245,312	4,856,463	7,597,753	445,362	-	60,374,022
Government grants and other municipalities	1,152,453	3,719,394	5,352,285	3,540,455	5,891,454	48,106,859	11,688,501	1,595,342	2,221,007	-	83,267,750
Development levies and contributions from developers	42,705	237,849	370,043	911,458	-	-	-	320,250	98,700	-	1,981,005
Licences, permits and rents	947,185	1,058,281	73,131	49,653	-	-	2,349	556,591	46,942	-	2,734,132
Fines and other charges	105,891	1,915,141	-	-	-	-	-	-	2,021,032	-	2,021,032
Penalties and interest on taxes	713,286	-	-	-	-	-	-	-	-	-	713,286
Investment income	404,117	815,133	364,581	141,958	111,179	421,099	100,830	227,399	67,132	-	2,653,428
Donations and contributed tangible capital assets	55,060	-	(335,274)	18,177	-	-	-	164,996	2,070,418	-	2,308,651
(Loss) gain on disposal of tangible capital assets	(1,079)	(37,673)	-	(387,854)	-	-	-	-	-	-	(761,880)
Other	44,929	-	-	158,154	65,430	-	-	-	185,641	-	454,154
Income from government business enterprises	-	-	-	-	-	-	-	-	-	3,479,705	3,479,705
TOTAL REVENUES	17,705,209	36,064,149	26,611,435	41,686,002	10,073,071	68,080,622	20,073,974	18,188,481	7,416,085	3,479,705	249,378,733
EXPENSES											
Salaries, wages and employee benefits	4,396,484	30,966,795	12,689,317	3,475,317	4,738,874	16,574,281	2,024,497	7,655,062	1,963,850	-	84,484,477
Interest on net long term debt	106,525	280,227	738,200	135,202	-	729,540	290,883	628,138	104,952	-	3,013,667
Materials	3,427,145	2,072,216	5,252,263	4,987,384	1,093,607	2,005,249	4,801,938	4,498,414	1,149,233	-	29,287,449
Contracted services	2,728,553	1,159,086	2,254,392	8,294,744	3,545,207	9,417,186	11,221,158	2,581,610	168,951	-	41,370,887
Rents and financial expenses	60,778	44,186	26,735	642,583	47,771	614,348	117,204	182,481	-	-	1,736,086
External transfers	247,532	1,397,206	-	-	905,354	38,941,508	973,120	1,151,242	319,703	-	43,935,665
Amortization	686,231	543,441	6,978,834	7,579,079	25,077	745,777	773,646	3,054,572	5,255	-	20,391,912
Interfunctional transfers	(5,343,010)	1,943,082	(2,349,969)	2,082,516	256,960	1,265,498	538,572	1,516,876	89,475	-	-
TOTAL EXPENSES	6,310,238	38,406,239	25,589,772	27,196,825	10,612,850	70,293,387	20,741,018	21,268,395	3,801,419	-	224,220,143
NET SURPLUS (DEFICIT)	11,394,971	(2,342,090)	1,021,663	14,489,177	(539,779)	(2,212,765)	(667,044)	(3,079,914)	3,614,666	3,479,705	25,158,590

CORPORATION OF THE 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 fees and service charges	144,891	555,470	7,065,956	31,981,140	223,397	4,882,912	4,625,899	7,340,272	553,563	-	57,373,500
Government grants and other municipalities	987,246	3,649,863	17,378,706	4,751,648	5,434,498	45,325,261	9,643,169	908,889	748,304	-	88,827,584
Development levies and contributions from developers	23,042	389,162	1,754,094	2,008,232	-	-	-	640,890	1,702,426	-	6,517,846
Licences, permits and rents	1,088,704	1,172,979	87,500	48,845	-	-	-	462,247	-	-	2,860,275
Fines and other charges	106,168	2,487,184	-	-	-	-	-	-	-	-	2,593,352
Penalties and interest on taxes	688,524	-	-	-	-	-	-	-	-	-	688,524
Investment income	545,649	1,367,908	608,900	668,192	204,133	793,072	171,044	364,774	138,045	-	4,861,717
Donations and contributed tangible capital assets	3,370	10,907	-	19,450	-	-	-	172,373	1,692,880	-	1,898,980
Other	165,820	-	-	216,992	75,817	1,014,152	-	87,029	518,326	-	2,078,136
Income from government business enterprises	-	-	-	-	-	-	-	-	-	7,471,258	7,471,258
TOTAL REVENUES	14,325,005	36,135,803	38,692,187	46,253,200	9,760,877	66,280,571	17,753,982	16,785,441	8,011,543	7,471,258	261,469,867
EXPENSES											
Salaries, wages and employee benefits	4,307,589	29,969,184	13,672,577	3,248,082	4,411,889	15,845,348	1,987,731	7,056,886	2,031,618	-	82,530,904
Interest on net long term debt	114,117	115,474	804,408	172,418	-	782,819	298,021	658,493	121,535	-	3,067,285
Materials	2,336,078	1,965,547	6,020,282	6,635,796	1,107,968	2,048,658	3,602,965	4,447,411	1,191,181	-	29,355,886
Contracted services	1,937,343	777,998	3,908,021	8,773,168	4,661,961	9,959,370	10,128,138	2,196,965	380,214	-	42,723,178
Rents and financial expenses	55,648	50,132	21,353	887,491	-	576,386	155,113	153,968	8,115	-	1,908,206
External transfers	481,989	1,599,184	-	9,951	810,339	34,573,934	1,476,345	682,968	324,340	-	39,959,050
Amortization	711,967	548,070	6,590,083	7,038,839	25,077	749,664	710,648	2,973,777	4,582	-	19,352,707
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 EXPENSES	4,872,063	36,900,103	29,450,733	27,942,756	11,275,641	65,851,739	18,871,228	19,574,991	4,157,962	-	218,897,216
NET SURPLUS (DEFICIT)	9,452,942	(764,300)	9,241,454	18,310,444	(1,514,764)	428,832	(1,117,246)	(2,789,550)	3,853,581	7,471,258	42,572,651

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, 2009 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, 2009 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, 2010

CORPORATION OF THE CITY OF PETERBOROUGH

TRUST FUNDS STATEMENT OF CONTINUITY
For The Year Ended December 31, 2009

	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 \$	2009 \$	2008 \$
ACCUMULATED SURPLUS, beginning of year	114,014	17,597	24,843	49,784	20,334	2,086	31,273	233,577	6,056	87,948	587,512	587,960
REVENUES												
Deposits	-	-	3,300	-	-	-	-	59,767	-	169,716	232,783	217,547
Transfer from Fairhaven	-	-	-	-	-	-	-	-	-	46,172	46,172	23,763
Donations & Fundraising	-	-	-	-	-	-	-	-	22	200	222	5,955
Interest earned	431	67	89	189	79	8	118	897	180	680	2,738	17,700
	431	67	3,389	189	79	8	118	60,664	202	216,768	281,915	264,965
EXPENSES												
Transfers to operations	-	-	-	-	77	-	-	-	162	-	239	98,705
Withdrawals, purchases	-	-	2,971	-	-	-	-	-	-	192,197	195,168	158,755
Residents maintenance	-	-	-	-	-	-	-	-	-	9,152	9,152	7,953
Donation	-	-	-	-	-	-	-	-	-	1,600	1,600	-
	-	-	2,971	-	77	-	-	-	162	202,949	206,159	265,413
ACCUMULATED SURPLUS, end of year	114,445	17,664	25,261	49,973	20,336	2,094	31,391	294,241	6,096	101,767	663,268	587,512

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2009

	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 \$	2009 \$	2008 \$
FINANCIAL ASSETS												
Cash	114,427	17,661	25,261	49,965	20,410	2,093	31,386	294,241	5,909	112,548	673,901	599,073
Interest receivable	18	3	-	8	3	1	5	-	-	-	38	317
GST receivable	-	-	-	-	-	-	-	-	187	-	187	187
	114,445	17,664	25,261	49,973	20,413	2,094	31,391	294,241	6,096	112,548	674,126	599,577
LIABILITIES AND ACCUMULATED SURPLUS												
Due to revenue fund	-	-	-	-	77	-	-	-	-	10,781	10,858	12,065
Accumulated surplus	114,445	17,664	25,261	49,973	20,336	2,094	31,391	294,241	6,096	101,767	663,268	587,512
	114,445	17,664	25,261	49,973	20,413	2,094	31,391	294,241	6,096	112,548	674,126	599,577

CORPORATION OF THE CITY OF PETERBOROUGH

TRUST FUNDS - NOTE TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2009

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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

Basis Of Accounting

- (i) Sources of financing and expenses are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Financial Instruments

The Trust Fund's financial instruments consist of cash, interest receivable, GST receivable and due to revenue fund. It is management's opinion that the fair value of its financial instruments are not materially different from their carrying value due to their immediate or short term maturity. The Trust Funds do not have any significant concentration of currency, interest or credit risk.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.