

June 27, 2011

Members of the Audit Committee
City of Peterborough
500 George Street North
Peterborough, Ontario
K9H 3R9

Re: Audit of the Consolidated Financial Statements of the City of Peterborough

We have been engaged to express an audit opinion on the consolidated financial statements of the City of Peterborough ("the City") for the year ended December 31, 2010. We have substantially completed our audit and are pleased to report on the following items.

The purpose of this report is to summarize certain aspects of the audit that we believe to be of interest to the Audit Committee. This report should be read in conjunction with the draft consolidated financial statements and our report thereon, as well as our Audit Planning letter previously forwarded to you.

Auditor Independence

Canadian Auditing Standards ("CAS") require that we communicate at least annually with the Audit Committee regarding all relationships between us and the City that, in our professional judgement, may reasonably be thought to bear on our independence.

As communicated previously in a separate letter to the Audit Committee, we are not aware of any relationship between the City and us that, in our professional judgement, may reasonably be thought to bear on our independence.

Accordingly, we hereby re-confirm that our engagement team, our firm and the other Collins Barrow offices are independent with respect to the City within the meaning of the Rules of Professional Conduct Rule 204 of the Institute of Chartered Accountants of Ontario.

Independent Auditors' Report

We anticipate that our Independent Auditors' Report will be issued without modification.

Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

There are no internal control matters that we wish to bring to your attention.

Illegal Acts, Fraud, Intentional Misstatements and Errors

Our auditing procedures, including tests of your accounting records, were limited to those considered necessary in the circumstances and will not necessarily disclose all illegal acts should any exist. Under CAS, we consider the City's control environment, governance structure, circumstances encountered during the audit and the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor will they necessarily detect such acts or recognize them as such, even if the effect on the consolidated financial statements is material. However, should we become aware that an illegal or possibly illegal act or act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate directly to the Audit Committee.

It is management's responsibility to detect and prevent illegal action. If such acts are discovered or the Audit Committee members become aware of circumstances under which the City may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of assets or misrepresentation of financial information.

Related Party Transactions

During our audit, we conduct various tests and procedures to identify transactions considered to involve related parties. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management, directors and their immediate family members and companies with which these individual have an economic interest.

There were no related party transactions identified during the audit that required disclosure in the notes to the consolidated financial statements.

Significant Accounting Principles and Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting principles and policies are disclosed in the notes to the consolidated financial statements.

The Audit Committee has a responsibility to review the accounting policies adopted by the City, and where alternative policies are available, make determinations as to the most appropriate policies to be adopted in the circumstances. If members of the Audit Committee believe that the adoption or change in accounting policy may produce an inappropriate or misleading result in financial reporting or disclosure, this concern must be discussed with management and us.

There were no new accounting policies adopted or changes to the application of accounting policies of the City during the year.

Accounting Estimates

Management is responsible for the accounting estimates included in the consolidated financial statements. Estimates and the related judgements and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the consolidated financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;

- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

Significant Matters Discussed With Management

There were no significant matters arising from the audit discussed with management.

Written Representations Requested From Management

As part of our audit, we request that management prepare a letter to us to re-affirm various representations that they have provided to us and we have relied upon. A copy of this letter is attached for your convenience.

Significant Misstatements

In the course of our audit, we have not found any material misstatements or unadjusted items that, in aggregate, exceed materiality thresholds established for the audit, nor have we found significant misstatements that would likely cause future financial statements to be materially misstated.

Uncorrected Misstatements

In the course of our audit, we have not identified any uncorrected financial statement misstatements.

Significant Unusual Transactions

We are not aware of any significant unusual transactions entered into by the City that you should be informed about.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the City's financial statements or auditors' report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgements for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditors' report.

In the course of our audit, we did not have any significant disagreements with management, nor were we under any significant time pressures or poor working conditions. We are not aware of any cause for concern as to management's attitude, competence or credibility with respect to matters affecting the financial statements.

Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the Audit Committee.

Fees

Our fees for services rendered during the period January 1, 2009 to December 31, 2009 are as follows:

Assurance services: \$86,175

Conclusion

We wish to express our appreciation for the co-operation we received during the audit from the City's management.

To ensure there is a clear understanding and record of the matters discussed, we ask that two members of the Audit Committee sign their acknowledgement in the spaces provided below. Should any member of the Audit Committee wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

Yours very truly,

Collins Barrow Kawarthas LLP



per: Robert J. Fisher, FCA, Partner

Acknowledgement of Audit Committee:

We have read and reviewed the above disclosures and understand and agree with the comments therein:

City of Peterborough

Name

Position

Name

Position

Schedule of Uncorrected Misstatements

Description of Possible Misstatement	Proposed Adjustments Dr (Cr)				
	Statement of Income		Balance Sheet		
	Identified Misstatements	Likely Aggregate Misstatements	Assets	Liabilities	Closing Equity
a) Totals	-	-	-	-	-
b) Misstatements corrected by management	-	-	-	-	-
c) Likely aggregate misstatements net of corrections (a - b)	-	-	-	-	-
d) Effect of unadjusted misstatements from previous year's errors	-	-	-	-	-
e) Aggregate likely misstatements (c + d)	-	-	-	-	-
f) Final overall materiality		3,750,000	3,750,000	3,750,000	3,750,000
g) Amount remaining for further possible misstatement (f - e)		3,750,000	3,750,000	3,750,000	3,750,000