



City of  
**Peterborough**

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**To: Members of the Audit Committee**

**From: Sandra Clancy, Director of Corporate Services**

**Meeting Date: June 23, 2014**

**Subject: Report CPFS14-015  
Treasurer's Report, 2013 Consolidated Financial Report, 2013  
Trust Funds Financial Statement and Five-Year Review**

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## **Purpose**

A report to recommend the Treasurer's Report, 2013 Consolidated Financial Report, the 2013 Trust Funds Financial Statement and Five Year Review be received, that underlying accounting policies be approved, and the 2013 Financial Report be received and submitted to the Province of Ontario.

## **Recommendations**

That Council approve the recommendations outlined in report CPFS14-015 dated June 23, 2014, of the Director of Corporate Services as follows:

- a) That Report CPFS14-015, Treasurer's Report, 2013 Consolidated Financial Report, the 2013 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, 2013 Consolidated Financial Report and 2013 Trust Funds Financial Statement, 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,

Sandra Clancy  
Director of Corporate Services

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Attachments:

- |            |  |
|------------|--|
| Appendix A | Treasurer’s Report on the 2013 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**

### **Treasurer's Report on the 2013 Financial Report for the City of Peterborough**



City of  
**Peterborough**

500 George Street North, Peterborough, ON K9H 3R9

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June 23, 2014

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

## **Treasurer's Report on the 2013 Financial Statements for the Corporation of the City of Peterborough**

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### **Introduction**

I am pleased to present the Financial Statements for the Corporation of the City of Peterborough (the City) for the period ending December 31, 2013. 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, two key documents are prepared – an operating budget and a capital budget. The budget documents show what the City plans to do with its financial resources over the coming year. Council approved the 2013 Capital and Operating Budget on December 10, 2012.

The Operating Budget is prepared on a modified cash basis and provides for the day-to-day expenses of the City for items such as salaries, wages, benefits, utilities, building maintenance and supplies. The Capital Budget is a multi-year plan for the acquisition and rehabilitation of capital assets. Once complete, the capital plan specifies the future financial resources required to finance the project, references any commitments made, the effect it will have on any future operating budgets, provides project details, justification and any other information necessary to make informed decisions. Both budgets are closely linked and impact each other.

The Operating Budget presented in the 2013 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 such as employee future benefits and landfill closure and post closure costs be included.

## Financial Statements

The accompanying consolidated financial statements are the responsibility of the management of the City. As with all Ontario municipalities, they have been prepared in accordance with the accounting principles and guidelines of the Public Sector Accounting Board (PSAB) of the 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 organizations are fully consolidated whereas others are proportionately consolidated meaning only a percentage of the organization is accounted for. The partially consolidated boards are a result of partnership agreements with the County of Peterborough whereby the City's pro rata share of each of the assets (including tangible capital assets); liabilities, revenues and expenditures are combined on a line-by-line basis in the financial statements. As a government business enterprise, the City of Peterborough Holdings Inc. is accounted for on a Modified Equity basis, which means that the accounting principles of the organization are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

Chart 1 provides a summary of the organizations included in the reporting entity.

### Chart 1 - The Reporting Entity

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

## **External Audit**

The financial statements have been audited by the City's external auditors, Collins Barrow Kawarthas LLP in accordance with Generally Accepted Auditing Standards. The auditors have expressed an unqualified opinion that these statements present fairly the financial position of the City. In addition, separate audit examinations have been completed for all 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**

### **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 31, whereas the Statement of Operations and Accumulated Surplus summarizes the transactions that have occurred throughout the fiscal year.

### **Results of Operations**

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

During 2013, the City recorded consolidated revenues of \$277.2 million (2012 - \$275.5 million).

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

**Chart 2 - Consolidated Revenues**

	2013		2012		Variance Increase (decrease)
	\$	%	\$	%	\$
Property taxation	103,269,982	37.3	99,370,835	36.1	3,899,147
Taxation from other governments	2,713,859	1.0	2,752,085	1.0	(38,226)
User fees and service charges	62,372,577	22.5	65,448,461	23.8	(3,075,884)
Government grants & other municipalities	78,556,885	28.3	80,511,991	29.2	(1,955,106)
Development levies and contribution from developers	8,198,744	3.0	6,790,033	2.5	1,408,711
Licenses, permits royalties and rents	2,919,883	1.1	3,072,522	1.1	(152,639)
Fines and other charges	2,381,341	0.9	2,638,031	1.0	(256,690)
Penalties and interest on taxes	794,706	0.3	726,150	0.3	68,556
Investment income	4,052,834	1.5	3,966,195	1.4	86,639
Donations and contributed capital assets	2,330,013	0.8	4,802,757	1.7	(2,472,744)
Other	1,272,360	0.5	697,760	0.3	574,600
Income from government business enterprise	8,325,246	2.8	4,689,245	1.6	3,636,001
<b>Total Consolidated Revenues</b>	<b>277,188,430</b>	<b>100.0</b>	<b>275,466,065</b>	<b>100.0</b>	<b>1,722,365</b>

Revenues increased \$1.7 million due to several factors:

- The property taxation levy was \$4.5 million higher than the previous year, supplementary taxes were down by \$0.1 million and taxation write offs increased \$0.5 million for a net increase of \$3.9 million.
- User fees and services charges were down \$3.1 million. The decrease is a direct result of lower capital installation charges of \$2.4 million related to a lower value of distribution assets assumed from developers. Tipping fees at the landfill were also down \$0.5 million from 2012 as a result of significantly lower tonnages.
- Government grants were lower by \$2.0 million. In 2012, the City received \$1.0 million from the Ontario Municipal Partnership Fund but 2012 was the last year the City was eligible for the funding. Social Housing also received \$1.6 million less funding in 2013 than 2012 due to programs ending and not yet being replaced.
- The revenue from Development levies and contributions from developers was higher in 2013 as there was more activity in capital projects funded by development charges and obligatory reserves such as the rectangular sport fields project.



- Donations and contributed capital assets were lower in 2013 due to the amount of open space assumed in 2012.
- The income from government business enterprise figure is \$3.6 million higher in 2013 based on the results of operations of the City of Peterborough Holdings Inc. and its subsidiary group of companies.

Consolidated expenses totaled \$252.6 million (2012 - \$248.6 million).

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

### Chart 3 - Consolidated Expenses

	2013		2012		Variance Increase (decrease)
	\$	%	\$	%	\$
General government	6,096,010	2.4	4,320,369	1.7	1,775,641
Protection services	45,872,536	18.2	44,806,109	18.0	1,066,427
Transportation	33,523,398	13.3	32,840,559	13.2	682,839
Environmental	34,064,743	13.5	32,368,188	13.0	1,696,555
Health	11,849,067	4.7	11,455,475	4.6	393,592
Social and family	69,997,832	27.7	70,663,945	28.4	(666,113)
Social housing	21,097,481	8.4	23,620,845	9.5	(2,523,364)
Recreation and cultural	26,128,038	10.3	24,646,582	9.9	1,481,456
Planning and development	3,927,377	1.5	3,893,828	1.7	33,549
<b>Total Consolidated Expenses</b>	<b>252,556,482</b>	<b>100.0</b>	<b>248,615,900</b>	<b>100.0</b>	<b>3,940,582</b>

Expenses increased \$4.0 million due to several factors:

- General Government expenses have increased in 2013 because a reconciliation payment was received in 2012 from our previous extended benefits provider which decreased 2012 expenses. There was also a higher level of non-tangible expenditures related to capital works.
- Protection services expenditures are mostly salaries, wages and employee benefits for Fire and Police Services which were \$0.7 million higher in 2013. Amortization increased \$0.2 million as a result of 2013 capital asset additions being amortized for a full year compared to a half-year in 2012.

- Transportation expenditures are higher as a direct result of activities related to winter control. Fuel costs, unexpected repairs, maintenance to fleet vehicles along with overtime in the Transportation Division also contributed to the higher costs. Amortization was \$0.5 million higher due to the capital investment at the Peterborough Airport and roads and related investment.
- Environmental Services costs were higher in 2013 due to several factors. The site operator costs at the landfill were higher in 2013 than they were in 2012, costs related to the reconstruction of Bensfort Road were greater in 2013 than in 2012 and contractual costs for the Peterborough Utilities Commission were also higher.
- Social and Family Services costs were lower in comparison to 2012 and were also under budget. This was due to case loads being under 2012 and budgeted levels. There were also Provincial funding changes in 2013 that necessitated reduced spending on discretionary benefits, employment resources and homelessness.
- Social Housing costs were lower in 2013 due to the conclusion of the Delivering Opportunities for Ontario Renters (DOOR) program. DOOR funding was received by the City and then expended to affordable housing providers for capital works.
- Recreation and Culture costs related to non-tangible assets and various repairs at the arenas contributed to costs being higher in 2013 than in 2012. Maintenance costs at Riverview Park and Zoo were also higher.

The annual surplus amounts to \$24.6 million (2012 - \$26.9 million). This surplus indicates 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 current reporting standards, the City has an annual amortization charge of \$27.1 million (2012 - \$26.5 million). This amortization charge represents the cost of depreciating tangible capital assets over their useful life. The amortization charge is less than the City's current level of capital spending of \$60.9 million (2012 - \$50.8 million). The Statement of Operations reflects the annual amortization and the surplus that results, which is used to help finance the cost of capital acquisition.

### **Financial Position**

Net financial assets of \$101.3 million (2012 - \$98.5 million), the difference between the City's financial assets and its financial liabilities is a measure of the resources that the City has to finance future operations.

The net financial asset position is an indicator that the revenues raised during the year were sufficient to cover both the operating and capital spending that took place during the year. The positive increase in net financial asset position results primarily from revenues being in excess of operating expenses of \$24.6 million and amortization of tangible capital assets of \$27.1 million, to finance the acquisition of tangible capital assets totaling \$60.9 million. For a more detailed accounting, refer to the Statement of Net Financial Assets on Page 5 of the Consolidated Financial Report.

The accumulated surplus of \$714.0 million (2012 - \$689.4 million) represents the sum of the net financial assets of the City plus the City's capital assets at historic depreciated values and is shown on Chart 4. Traditionally, a municipal surplus was the operating surplus only, (shown in the first line in Chart 4) but with the current reporting model, the accumulated surplus represents the net resources (both financial and physical) that the City can use to provide future services.

The accumulated surplus consists of individual fund surpluses (deficits), unfunded amounts, reserve and reserve funds and other components and is comprised of the following:

**Chart 4 - Analysis of Accumulated Surplus**

	2013 \$	2012 \$
<b>Surplus/(Deficit)</b>		
<b>City of Peterborough</b>		
Operating surplus	115,266	264,950
Unexpended financing	3,850,022	4,407,875
	3,965,288	4,672,825
<b>Consolidated Entities</b>		
Peterborough County-City Health Unit	59,586	38,772
The Village Business Improvement Area	28,495	25,812
Greater Peterborough Area Economic Development Corp.	7,041	(54,886)
Peterborough Downtown Business Improvement Area	50,482	36,350
Peterborough Utilities Commission	11,264,505	11,500,023
Peterborough Housing Corporation	-	-
Peterborough Public Library Board	30,087	22,989
	11,440,196	11,569,060
<b>Unfunded amounts</b>		
Employee benefits	(28,139,058)	(28,223,628)
Solid waste landfill closure and post-closure	(4,649,589)	(4,264,480)
Accrued interest on long term debt	(890,824)	(964,828)
	(33,679,471)	(33,452,936)
<b>Inventory for resale</b>	8,480,593	8,568,830
<b>Equity in government business enterprise</b>	86,662,594	81,718,348
<b>Invested in Tangible Capital Assets</b>		
Tangible capital assets (net)	611,217,821	589,421,246
Unexpended capital financing	2,572,909	5,460,054
Long term debt	(93,954,232)	(94,015,940)
	519,836,498	500,865,360
<b>Reserve Funds and Reserves</b>		
Discretionary reserve funds	41,466,754	43,423,137
Reserves	75,864,954	72,040,834
	117,331,708	115,463,971
<b>ACCUMULATED SURPLUS</b>	<b>714,037,406</b>	<b>689,405,458</b>

**Conclusion**

The City of Peterborough is well positioned financially for the future.

The level of capital spending in 2013 was \$10 million higher than in 2012 partially due to a new Debt Management and Capital Financing Plan approved by Council on April 23, 2012. That Plan provides additional funding for capital projects, however, the demand still outweighs available funds as the City struggles to keep up with the need to maintain or replace aging capital infrastructure as well as requests for expansion.

With respect to day-to-day operations, like most Ontario municipalities, the City of Peterborough continues to struggle to provide a reasonable level of service to its constituents while keeping the tax rate increases to a minimum.

Submitted by,



Sandra Clancy  
Director of Corporate Services

**Appendix B**

**City of Peterborough – Five Year Review**

# CITY OF PETERBOROUGH

## FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2013	2012	2011	2010	2009
<b>CURRENT PROGRAM ACTIVITY</b>					
<b>Consolidated Revenues</b>					
Taxation	103,270	99,371	96,319	93,048	87,625
Taxation from other governments	2,714	2,752	2,666	2,434	2,528
Fees and service charges	62,397	65,448	60,515	60,203	60,374
Government grants and other Municipalities	78,557	80,512	85,434	111,840	85,961
Development levies	8,199	6,790	8,121	5,145	1,981
Investment and other revenue	22,051	20,593	18,655	15,687	13,603
	277,188	275,466	271,710	288,357	252,072
<b>Expenses</b>	252,556	248,616	244,818	238,725	224,220
<b>Growth in accumulated surplus</b>	24,632	26,850	26,892	49,632	27,852
<b>NET LONG TERM LIABILITIES</b>					
For general municipal activities	92,239	91,669	77,196	84,371	49,601
For municipal enterprises	1,715	2,347	2,938	3,492	4,011
	93,954	94,016	80,134	87,863	53,612
General municipal activities - net long term liabilities as % of CVA	1.2%	1.2%	1.1%	1.3%	0.8%
<b>CURRENT CHARGES FOR NET LONG TERM LIABILITIES</b>					
General municipal activities and for municipal enterprise	12,986	11,767	12,658	9,876	8,693
<b>CURRENT VALUE ASSESSMENT (CVA) - TAXABLE</b>					
Residential and farm	6,404,837	6,194,867	5,857,704	5,504,263	5,202,852
Commercial and industrial	1,189,123	1,155,969	1,061,768	975,658	896,233
	7,593,960	7,350,836	6,919,472	6,479,921	6,099,085
Percentage increase from previous year	3.31%	6.23%	6.78%	6.24%	7.19%
(Note: Market value re-assessments took place in 2009. The re-assessment is being phased in over 4 years.)					
Commercial / industrial CVA as percentage of total	15.7%	15.7%	15.3%	15.1%	14.7%

# CITY OF PETERBOROUGH

## FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2013	2012	2011	2010	2009
<b>VALUE OF BUILDING PERMITS ISSUED</b>					
Residential	81,996	70,043	69,805	51,568	61,706
Commercial	20,287	29,336	35,992	26,271	16,474
Industrial	4,179	4,865	9,690	613	1,419
Institutional	13,512	38,818	6,368	2,038	48,326
	<u>119,973</u>	<u>143,062</u>	<u>121,854</u>	<u>80,490</u>	<u>127,924</u>
Percentage increase (decrease) from previous year	-16.1%	17.4%	51.4%	-37.1%	-11.7%
<b>TAX LEVY AND ARREARS</b>					
<b>Tax levy</b>					
Current year's tax levy - municipal and education combined	134,635	129,836	125,701	121,905	117,699
Percentage increase over previous year	3.7%	3.3%	3.1%	3.6%	2.8%
<b>Tax arrears</b>					
Total arrears (excluding Allowance for Doubtful Accounts)	6,834	6,158	5,725	5,819	5,358
Percentage increase (decrease) over previous year	11.0%	7.6%	-1.6%	8.6%	-1.3%
Tax arrears as a percentage of current tax levy	5.1%	4.7%	4.6%	4.8%	4.6%
<b>POPULATION &amp; SIZE</b>					
Estimated Population (Updated for 2011 Census)	78,700	78,700	78,700	74,900	74,900
Area in acres	16,639	16,523	16,523	16,523	16,523
<b>PER CAPITA INFORMATION</b>					
CVA - Taxable	96,493	93,403	87,922	86,514	81,430
Expenses	3,209	3,159	3,111	3,187	2,994
Net long-term debt for general municipal activities and municipal enterprise	1,194	1,195	1,018	1,173	716
Tax arrears	87	78	73	78	72



# CITY OF PETERBOROUGH

## FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2013	2012	2011	2010	2009
<b>RATES OF TAXATION</b>					
<b>Municipal tax rates</b>					
Residential	1.1788420%	1.1558860%	1.1717390%	1.1970150%	1.2128320%
Multi-residential	2.2954530%	2.2507530%	2.2816220%	2.3308400%	2.4391260%
New Multi-residential	1.1788420%	1.1558860%	1.1717390%	1.1970150%	1.2128320%
Commercial	1.9571130%	1.9652950%	2.0391770%	2.1311060%	2.2078390%
Commercial Vacant	1.3699790%	1.3757120%	1.4274240%	1.4917800%	1.5454880%
Industrial	2.4152110%	2.5267670%	2.7221840%	2.9451360%	3.1504520%
Industrial Vacant	1.5698870%	1.6423980%	1.7694200%	1.9143380%	2.0477940%
Pipeline	1.4978370%	1.4686690%	1.4888120%	1.5209270%	1.5410240%
Farmlands	0.2947110%	0.2889720%	0.2929350%	0.2992540%	0.3032080%
<b>Education tax rates</b>					
Residential	0.2120000%	0.2210000%	0.2310000%	0.2410000%	0.2520000%
Multi-residential	0.2120000%	0.2210000%	0.2310000%	0.2410000%	0.2520000%
New Multi-residential	0.2120000%	0.2210000%	0.2310000%	0.2410000%	0.2520000%
Commercial	1.4772980%	1.4788620%	1.5733320%	1.6809920%	1.8035900%
Commercial Vacant	1.0341090%	1.0352034%	1.1013324%	1.1766944%	1.2625130%
Industrial	1.5900000%	1.5900000%	1.9300000%	2.4500000%	2.6598900%
Industrial Vacant	1.0335000%	1.0335000%	1.2545000%	1.5925000%	1.7289290%
Pipeline	1.2600000%	1.2600000%	1.3295430%	1.3618190%	1.3957010%
Farmlands	0.0530000%	0.0552500%	0.0577500%	0.0602500%	0.0630000%
<b>Combined municipal and education tax rates</b>					
Residential	1.3908420%	1.3768860%	1.4027390%	1.4380150%	1.4648320%
Multi-residential	2.5074530%	2.4717530%	2.5126220%	2.5718400%	2.6911260%
Commercial	3.4344110%	3.4441570%	3.6125090%	3.8120980%	4.0114290%
Commercial Vacant	2.4040880%	2.4109154%	2.5287564%	2.6684744%	2.8080010%
Industrial	4.0052110%	4.1167670%	4.6521840%	5.3951360%	5.8103420%
Industrial Vacant	2.6033870%	2.6758980%	3.0239200%	3.5068380%	3.7767230%
Pipeline	2.7578370%	2.7286690%	2.8183550%	2.8827460%	2.9367250%
Farmlands	0.3477110%	0.3442220%	0.3506850%	0.3595040%	0.3662080%

## **Appendix C**

### **Consolidated Financial Report Including Trust Funds Financial Statement**

**CORPORATION OF THE  
CITY OF PETERBOROUGH  
CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2013**

**CORPORATION OF THE  
CITY OF PETERBOROUGH  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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## The Corporation of the City of Peterborough

For The Year Ended December 31, 2013

### 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 Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The City maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the City's assets are appropriately accounted for and adequately safeguarded.

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 independent auditors' 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 Council and the Audit Committee.

Mayor \_\_\_\_\_

Date \_\_\_\_\_

Chief Administrative Officer \_\_\_\_\_

Date \_\_\_\_\_

Director of Corporate  
Services/Treasurer \_\_\_\_\_

Date \_\_\_\_\_

## INDEPENDENT AUDITORS' REPORT

### To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Peterborough

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#### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the City of Peterborough and its local boards, which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations and accumulated surplus, change in net financial liabilities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Peterborough and its local boards as at December 31, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants  
Peterborough, Ontario  
June 30, 2014

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2013

	2013	2012
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments	79,936,089	95,031,546
Taxes receivable (Note 3)	4,849,033	4,228,616
Accounts receivable (Note 4)	27,122,720	24,050,731
Inventory held for resale	8,597,275	8,686,749
Investments (Note 5)	73,530,839	57,957,826
Other receivables (Note 6)	1,795,824	1,622,344
Investment in Government Business Enterprise (Note 7)	92,412,594	87,468,348
	288,244,374	279,046,160
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	37,470,781	30,523,939
Deferred revenue (Note 8)	2,930,368	2,196,562
Solid waste landfill closure and post-closure (Note 9)	4,649,589	4,264,480
Deferred revenue - obligatory reserve funds (Note 10)	17,568,208	19,116,086
Employee benefits (Note 11)	30,346,296	30,448,398
Long term debt (Note 12)	93,954,232	94,015,940
	186,919,474	180,565,405
<b>NET FINANCIAL ASSETS</b>	101,324,900	98,480,755
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 13)	611,189,501	589,421,246
Prepaid expenses	798,159	804,046
Inventory of supplies	724,846	699,411
	612,712,506	590,924,703
<b>ACCUMULATED SURPLUS (NOTE 14)</b>	<b>714,037,406</b>	<b>689,405,458</b>

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, 2013

	Budget 2013 \$ (Unaudited)	2013 \$	2012 \$
<b>REVENUES</b>			
Property taxation	103,741,115	103,269,982	99,370,835
Taxation from other governments	3,009,996	2,713,859	2,752,085
User fees and service charges	64,487,618	62,372,577	65,448,461
Government grants and other municipalities	76,170,992	78,556,885	80,511,991
Development levies and contributions from developers	6,534,597	8,198,744	6,790,033
Licenses, permits royalties and rents	3,147,653	2,919,883	3,072,522
Fines and other charges	2,350,000	2,381,341	2,638,031
Penalties and interest on taxes	700,000	794,706	726,150
Investment income	3,379,141	4,052,834	3,966,195
Donations and contributed tangible capital assets	39,500	2,330,013	4,802,757
Other	1,238,789	1,272,360	697,760
Income from government business enterprise (Note 7)	-	8,325,246	4,689,245
<b>TOTAL REVENUES</b>	<b>264,799,401</b>	<b>277,188,430</b>	<b>275,466,065</b>
<b>EXPENSES</b>			
General government	7,591,134	6,096,010	4,320,369
Protection services	46,511,093	45,872,536	44,806,109
Transportation services	34,083,879	33,523,398	32,840,559
Environmental services	34,596,789	34,064,743	32,368,188
Health services	12,053,343	11,849,067	11,455,475
Social and family services	72,050,268	69,997,832	70,663,945
Social housing	21,492,685	21,097,481	23,620,845
Recreation and cultural services	25,244,001	26,128,038	24,646,582
Planning and development	4,253,632	3,927,377	3,893,828
<b>TOTAL EXPENSES</b>	<b>257,876,824</b>	<b>252,556,482</b>	<b>248,615,900</b>
<b>ANNUAL SURPLUS</b>	<b>6,922,577</b>	<b>24,631,948</b>	<b>26,850,165</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>689,405,458</b>	<b>689,405,458</b>	<b>662,555,293</b>
<b>ACCUMULATED SURPLUS, end of year (NOTE 14)</b>	<b>696,328,035</b>	<b>714,037,406</b>	<b>689,405,458</b>

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, 2013

	Budget 2013 \$ (Unaudited)	2013 \$	2012 \$
Annual Surplus	6,922,577	24,631,948	26,850,165
Amortization of tangible capital assets	24,623,725	27,123,777	26,505,245
Proceeds on disposal of tangible capital assets	-	13,609,394	602,101
(Gain)/loss on disposal of tangible capital assets	-	(702,013)	1,282,362
Acquisition of tangible capital assets	(66,199,985)	(61,799,413)	(50,778,114)
Change in prepaid expenses	-	5,887	846,757
Change in inventory of supplies	(5,000)	(25,435)	16,404
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(34,658,683)</b>	<b>2,844,145</b>	<b>5,324,920</b>
<b>NET FINANCIAL ASSETS, beginning of year</b>	<b>98,480,755</b>	<b>98,480,755</b>	<b>93,155,835</b>
<b>NET FINANCIAL ASSETS, end of year</b>	<b>63,822,072</b>	<b>101,324,900</b>	<b>98,480,755</b>

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, 2013

	2013 \$	2012 \$
<b>OPERATIONS</b>		
Annual Surplus	24,631,948	26,850,165
Non-cash charges to operations:		
Amortization	27,123,777	26,505,245
Loss on disposal of tangible capital assets	(702,013)	1,282,362
Income from government business enterprises	(8,325,246)	(4,689,245)
Solid waste landfill closure and post-closure	385,109	122,374
Employee benefits and other liabilities	(102,102)	357,496
Donated tangible capital assets	(922,780)	(4,608,760)
Sources (uses) of cash:		
Taxes receivable	(620,417)	(297,288)
Accounts receivable	(3,071,989)	3,971,091
Inventory held for resale	89,474	412,688
Other receivables	(173,480)	(45,878)
Accounts payable and accrued liabilities	6,946,842	(747,396)
Deferred revenue	733,806	(343,373)
Deferred revenue - obligatory reserves	(1,547,878)	2,453,885
Prepaid expenses	5,887	846,757
Inventory of supplies	(25,435)	16,404
Net increase in cash related to operations	44,425,503	52,086,527
<b>CAPITAL</b>		
Proceeds on disposal of tangible capital assets	13,609,394	602,101
Acquisition of tangible capital assets	(60,876,633)	(46,169,354)
Net decrease in cash related to capital	(47,267,239)	(45,567,253)
<b>INVESTING</b>		
Increase in investments	(15,573,013)	(14,032,408)
Dividends received from government business enterprise	3,381,000	3,283,000
Net decrease in cash related to investing	(12,192,013)	(10,749,408)
<b>FINANCING</b>		
Long term debt issued	9,163,600	21,867,000
Long term debt principal repayment	(9,225,308)	(7,985,403)
Net increase/(decrease) in cash related to financing	(61,708)	13,881,597
<b>NET CHANGE IN CASH AND TEMPORARY INVESTMENTS</b>	(15,095,457)	9,651,463
<b>CASH AND TEMPORARY INVESTMENTS, beginning of year</b>	95,031,546	85,380,083
<b>CASH AND TEMPORARY INVESTMENTS, end of year</b>	79,936,089	95,031,546

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, 2013

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

### 1. Significant Accounting Policies

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

The focus of PSAB financial statements is on the financial position of the 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. Net financial assets represents the municipal position and is the difference between financial 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. 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 (2013 – 66%) (2012 – 66%)
2. Peterborough County-City Health Unit (2013– 57%) (2012 – 57%)
3. Greater Peterborough Area Economic Development Corporation (2013 – 60%) (2012 – 60%)
4. Peterborough County-City Waste Management Facility (2013 - 50%) (2012 – 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, 2013

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### 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	3-60 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.

Historical treasures and works of art held by the City are not included as tangible capital assets.

#### 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 took place that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

#### 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, 2013

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### 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, The Building Code, Federal Gasoline Tax Revenues, Federal Public Transit Funds under Municipal Funding Agreements with the Association of Municipalities of Ontario and Provincial Gasoline Tax Revenues. 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 local school boards in respect of education taxes based on rates established by the Province. Taxation revenues are recorded at the time tax billings are issued. A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessment. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are reasonably determined and are shared with the school boards as appropriate.

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

#### Investment Income

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

#### 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.

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

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### 1. Significant Accounting Policies – continued

#### Use of Management 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.

Key areas where management has made complex or subjective judgements (often as a result of matters that are inherently uncertain) include, among others, allowance for uncollectible taxes, accounts payable, solid waste landfill closure and post-closure liability, employee future benefits and other liabilities, useful lives of capital assets and amortization. Actual results may differ from these and other estimates, the impact of which would be recorded in future periods.

#### 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 is not materially different from their carrying value unless otherwise noted.

##### (a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Corporation holds bonds, other marketable securities, loans receivable and has issued long term debt that may be impacted by interest rate risk.

##### (b) Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation has limited exposure to credit risk as significant amounts are due from government agencies. Trade receivables are made up of a number of customers which minimizes concentrations of credit risk.

##### (c) Foreign Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Corporation holds bank accounts in U.S. dollars and does not use derivative instruments to reduce exposure to foreign currency risk. The exposure to foreign currency risk is not significant.

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 2. Transfers To The School Boards

During 2013, the City made property tax transfers to the School Boards. The amounts collected and remitted amounted to \$30,983,960 (2012 - \$30,760,675). These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

### 3. Taxes Receivable

This figure is comprised of the following:

	2013	2012
	\$	\$
Current year's levies	2,964,846	2,667,783
Previous year's levies	1,459,142	1,207,770
Prior year's levies	2,291,485	2,201,607
Penalties and interest	1,555,796	1,525,644
	8,271,269	7,602,804
Allowance for uncollectible taxes	(3,422,236)	(3,374,188)
	<b>4,849,033</b>	<b>4,228,616</b>

### 4. Accounts Receivable

This figure is comprised of the following:

	2013	2012
	\$	\$
Government of Canada	6,774,055	2,153,654
Government of Ontario	4,887,684	6,347,521
Other municipalities and school boards	1,801,501	884,384
User charges and other receivables	13,659,480	14,665,172
	<b>27,122,720</b>	<b>24,050,731</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 5. Investments

The investments have a market value of \$73,530,839 (2012 - \$57,957,826) at the end of the year. Investments consist of bonds, banker's acceptances and other principal guaranteed marketable securities. Any discount or premium on the purchase price is amortized over the life of the investment.

### 6. Other Receivables

This figure is comprised of the following:

	2013	2012
	\$	\$
Employee Computer Purchase Plan Loans	9,023	47,727
Trent University – Woodland Acres Sanitary Sewer	128,408	149,276
Peterborough Lakers Lacrosse Association	48,000	60,000
Peterborough Lawn Bowling Club	525,000	575,000
Market Hall Performing Arts Incorporated	453,940	485,940
Peterborough Rugby Union Football Club	286,453	299,401
Peterborough Youth Soccer Club	300,000	-
Kinsmen Minor Football League Inc.	45,000	-
Other loans receivable	-	5,000
	<b>1,795,824</b>	<b>1,622,344</b>

The interest rate on employee Computer Purchase loans is prime less 1%. The Woodland Acres Loan bears interest at a fixed rate of 7%. The interest rate on the Peterborough Lawn Bowling Club and Market Hall Performing Arts Incorporated loans are prime less 0.25%. The interest rate on the Peterborough Rugby Union Football Club loan is fixed at 2.75%. Loans with a value of \$393,000 (2012 - \$65,000) approved by Council to qualifying community groups have been made on an interest free basis.



# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 7. Investment in Government Business Enterprise

#### City of Peterborough Holdings Inc.

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

Peterborough Utilities Services Inc.  
Peterborough Distribution Inc. and  
Peterborough Utilities Inc., and its wholly owned subsidiaries;  
Campbellford-Seymour Electricity Generation Inc.,  
Lily Lake Solar Inc, Trent Energy Inc. and Trent Rapids Power Corporation.

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.

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

	2013 \$	2012 \$
Demand loan, bearing interest at 6.25%	23,440,528	23,440,528
Demand loan, bearing interest at 7.25%	2,508,677	2,508,677
Shares	28,399,205	28,399,205
	<b>54,348,410</b>	<b>54,348,410</b>
Retained earnings:		
Beginning balance	27,369,938	25,963,693
Net earnings	8,325,246	4,689,245
Less dividends	(3,381,000)	(3,283,000)
	<b>32,314,184</b>	<b>27,369,938</b>
Equity in government business enterprises	<b>86,662,594</b>	<b>81,718,348</b>
Short term advances due on demand bearing interest at prime less 1.25%	5,750,000	5,750,000
	<b>92,412,594</b>	<b>87,468,348</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 7. Investment in Government Business Enterprise - continued

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

#### Financial Position:

	2013 \$	2012 \$
Current assets	39,967,270	33,524,609
Capital and intangible assets	177,603,553	136,967,237
Regulatory assets	2,800,886	1,456,584
Investment	-	5,169,487
Deferred tax assets	3,761,120	4,186,000
<b>Total assets</b>	<b>224,132,829</b>	<b>181,303,917</b>
Current liabilities	34,791,131	20,059,513
Notes payable	31,699,205	31,699,205
Other long term liabilities	92,372,709	71,037,085
Deferred tax liabilities	4,556,395	2,738,971
<b>Total liabilities</b>	<b>163,419,440</b>	<b>125,534,774</b>
<b>Shareholder's Equity</b>		
Capital stock	28,399,205	28,399,205
Retained earnings	32,314,184	27,369,938
	60,713,389	55,769,143
<b>Total liabilities and shareholder's equity</b>	<b>224,132,829</b>	<b>181,303,917</b>

#### Results of Operations:

	2013 \$	2012 \$
Revenues	131,473,300	113,784,771
Expenses	121,004,989	107,374,657
Net income before provision for corporate income taxes	10,468,311	6,410,114
Provision for corporate income taxes	2,143,065	1,720,869
<b>Income from government business enterprise</b>	<b>8,325,246</b>	<b>4,689,245</b>

During the year the City received dividends totalling \$3,381,000 (2012 - \$3,283,000) and interest totalling \$1,646,912 (2012 - \$1,646,912) on the notes receivable.

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 8. Deferred Revenue

This figure is comprised of the following:

	2013	2012
	\$	\$
Rents, user fees and service charges	1,123,595	1,153,399
Tickets, events and site deposits	954,921	516,096
Social and family services related	429,842	19,647
Government funding	422,010	507,420
	<b>2,930,368</b>	<b>2,196,562</b>

### 9. Solid waste landfill closure and post closure

The solid waste landfill closure and post closure liability of \$4,649,589 (2012 - \$4,264,480) is for closure and post closure costs of the Peterborough County-City Waste Management Facility. During 2010, the site currently referred to as the North Fill Area received waste for the first time. The site referred to as the South Fill Area (SFA) reached full capacity in 2012 at which time the North Fill Area (NFA) began to receive the balance of waste and will continue for at least 15 years.

The net present value of estimated closure and post closure costs as at December 31, 2013 is \$12,023,130 (2012 - \$11,620,440). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2012 - 2.25%), discounted at a rate of 5% (2012 - 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 of the SFA at December 31 is 100% (2012 - 100%) and at the NFA is 14% (2012 - 8%).

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, 2013

### 10. Deferred Revenue - Obligatory Reserve Funds

A requirement of the public sector accounting board of Chartered Professional Accountants Canada (CPA Canada) 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:

	2013 \$	2012 \$
Development Charges	6,686,627	8,482,613
Parkland	1,009,004	1,850,206
Building Code	255,198	230,236
Federal Gasoline Tax	9,391,194	8,147,150
Provincial Gasoline Tax	226,185	405,881
	<b>17,568,208</b>	<b>19,116,086</b>

The continuity of deferred revenue – obligatory reserve funds is comprised of the following:

	2013 \$	2012 \$
Balance – beginning of year	19,116,086	16,662,201
Add amounts received:		
Development charges received	4,592,258	5,230,303
Parkland fees and subdivider contributions	78,075	187,966
Building code permits and other revenues	1,424,584	1,455,135
Provincial gasoline tax	1,556,816	1,543,496
Federal gasoline tax	4,594,992	4,594,992
Investment income	241,180	219,027
	12,487,905	13,230,919
Less amounts utilized:		
Development charges earned	6,502,054	6,108,789
Parkland fees and subdivider contributions earned	937,200	69,300
Building code costs and expenses	1,399,622	1,284,327
Provincial and Federal gasoline tax earned	5,196,907	3,314,618
	14,035,783	10,777,034
Balance – end of year	<b>17,568,208</b>	<b>19,116,086</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 11. Employee Benefits

The City provides certain employee benefits that require funding in future periods. An actuarial valuation of these liabilities has been performed and the amounts are recorded in the Consolidated Statement of Financial Position.

This figure is comprised of the following:

	2013 \$	2012 \$
Accrued benefit obligation, beginning of year	26,499,251	30,701,655
Actuarial (gain)/loss	-	(4,927,213)
	26,499,251	25,774,442
Current period benefit expense	981,905	1,461,555
Interest	923,576	910,293
Benefit payments	(1,640,269)	(1,647,039)
Accrued benefit obligation, end of year	26,764,463	26,499,251
Unamortized actuarial gain/(loss)	3,581,833	3,949,147
<b>Employee benefits and other liabilities, end of year</b>	<b>30,346,296</b>	<b>30,448,398</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 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% (2012 – 2%)	2% (2012 – 2%)	2% (2012 – 2%)	2% (2012 – 2%)
Expected level of salary increases	3% (2012 – 3%)	3% (2012 – 3%)	3% (2012 – 3%)	3% (2012 – 3%)
Interest discount rate	4.25% (2012 – 4.25%)	4.25% (2012 – 4.25%)	4.25% (2012 – 4.25%)	4.25% (2012 – 4.25%)

#### 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 65<sup>th</sup> birthday.

#### Life Insurance

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

#### Workers' Compensation

Under the Workplace Safety and Insurance Act, the City is a self-insured employer (Schedule II) and remits payments to the WSIB as required to fund disability payments. The liability recorded by the City has been determined by a full actuarial review update completed as of December 31, 2012, that is updated annually.

#### Liability for Vested Sick Leave

Fire Services and Fairhaven employees may vest a portion of their unused sick leave and earn entitlement to a cash payment when they leave the City's employment. Other employee groups have opted to join a new plan that does not have a vesting feature. The accrued benefit obligation and the net periodic benefit cost were determined by a full actuarial review completed as of December 31, 2012, that is updated annually.

#### Vacation Pay Entitlements

Vacation pay entitlements are based on employees' years of service. Current obligations total \$2,747,759 (2012 - \$2,747,271) of which \$2,207,239 (2012 - \$2,224,770) 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, 2013

### 12. Long Term Debt

The long term debt reported on the Consolidated Statement of Financial Position has been approved by the Ontario Municipal Board or the Council of the City of Peterborough. Interest rates on outstanding debt range from 2.45% to 7.625% (2012 - 1.8% to 7.625%)

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

	2014 to 2018 \$	2019 to 2023 \$	2024 Onwards \$	Total \$
From general revenues	46,780,190	34,610,192	12,563,850	93,954,232

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 debt in the year amounted to \$3,760,362 (2012 - \$3,781,376).

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 13. Tangible Capital Assets

This figure is comprised of the following:

	Net Book Value	
	2013	2012
	\$	\$
General		
Land and land improvements	105,601,434	95,617,421
Buildings	106,502,897	108,299,799
Machinery and equipment	14,402,085	14,215,862
Vehicles	19,747,787	16,378,360
Books and materials	1,481,254	1,424,452
Infrastructure		
Land and land improvements	26,155,058	26,033,426
Buildings	21,793,797	22,222,173
Machinery & vehicles	1,530,941	1,940,270
Roadways and sidewalks	120,114,181	115,734,759
Storm sewer system	44,940,411	45,022,020
Wastewater system	49,015,600	48,088,773
Water system	81,979,345	80,514,719
	593,264,790	575,492,034
Assets under construction	17,924,711	13,929,212
<b>Total tangible capital assets</b>	<b>611,189,501</b>	<b>589,421,246</b>

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

During 2013 and 2012, there were no write-downs of assets and no interest capitalized. Assets contributed to the City were capitalized at their fair value and amounted to \$922,780 (2012 - \$4,608,760).



# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 13. Tangible Capital Assets – continued

Tangible capital assets by function are comprised of the following:

	Net Book Value	
	2013	2012
	\$	\$
General government	27,744,333	26,526,415
Protection to persons and property	17,556,034	18,116,639
Transportation services	183,238,033	170,601,087
Environmental services	213,297,240	210,679,911
Health services	472,024	534,663
Social and family services	11,070,591	11,553,852
Social housing	38,099,618	38,554,141
Recreation and cultural services	78,697,459	75,970,667
Planning and development	23,089,458	22,954,659
Assets under construction	17,924,711	13,929,212
<b>Total tangible capital assets</b>	<b>611,189,501</b>	<b>589,421,246</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 14. Accumulated Surplus

This figure is comprised of the following:

	2013	2012
	\$	\$
<b>Surplus/(Deficit)</b>		
<b>City of Peterborough</b>		
Operating surplus	115,266	264,950
Unexpended financing	3,850,022	4,407,875
	3,965,288	4,672,825
<b>Consolidated Entities</b>		
Peterborough County-City Health Unit	59,586	38,772
The Village Business Improvement Area	28,495	25,812
Greater Peterborough Area Economic Development Corporation	7,041	(54,886)
Peterborough Downtown Business Improvement Area	50,482	36,350
Peterborough Utilities Commission	11,264,505	11,500,023
Peterborough Public Library Board	58,407	22,989
	11,468,516	11,569,060
<b>Unfunded amounts</b>		
Employee benefits	(28,139,058)	(28,223,628)
Solid waste landfill closure and post-closure	(4,649,589)	(4,264,480)
Accrued interest on long term debt	(890,824)	(964,828)
	(33,679,471)	(33,452,936))
<b>Inventory held for resale</b>	8,480,593	8,568,830
<b>Equity in government business enterprise</b>	86,662,594	81,718,348
<b>Invested in Tangible Capital Assets</b>		
Tangible capital assets net book value	611,189,501	589,421,246
Unexpended capital financing	2,572,909	5,460,054
Long term debt	(93,954,232)	(94,015,940)
	519,808,178	500,865,360
<b>Reserve Funds and Reserves</b>		
Discretionary reserve funds	41,466,754	43,423,137
Reserves	75,864,954	72,040,834
	117,331,708	115,463,971
<b>ACCUMULATED SURPLUS</b>	<b>714,037,406</b>	<b>689,405,458</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 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 2013 \$ (Unaudited)	2013 \$	2012 \$
Salary, wages and employee benefits	98,878,136	97,567,078	93,362,443
Interest on long term debt	5,092,535	3,760,362	3,781,376
Materials	32,233,922	31,126,446	29,646,205
Contracted services	42,822,492	41,127,271	40,089,555
Rents and financial expenses	2,196,801	2,071,738	2,206,183
External transfers	52,029,213	50,481,823	51,742,531
Amortization	24,623,725	27,123,777	26,505,245
(Gain)/loss on disposal of capital assets	-	(702,013)	1,282,362
	<b>257,876,824</b>	<b>252,556,482</b>	<b>248,615,900</b>

### 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 are included in these financial statements based on the share of net operating expenses contributed by the City during the fiscal period being reported. The following provides a brief description of the nature and purpose of each entity and condensed financial information.

#### Fairhaven

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

#### Financial Position:

	2013		2012	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	2,603,661	1,735,774	3,048,233	2,032,155
Liabilities	16,333,794	10,889,196	17,607,864	11,738,576
Net debt	(13,730,133)	(9,153,422)	(14,559,631)	(9,706,421)
Non-financial assets	16,491,018	10,994,012	17,220,554	11,480,369
Accumulated surplus	<b>2,760,885</b>	<b>1,840,590</b>	<b>2,660,923</b>	<b>1,773,948</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 16. Partnerships With The County of Peterborough - continued

#### Results of Operations:

	2013		2012	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	18,929,917	12,619,945	18,736,640	12,491,093
Expenses	18,829,955	12,553,303	19,459,143	12,972,762
Annual (deficit)/surplus	<b>99,962</b>	<b>66,642</b>	<b>(722,503)</b>	<b>(481,669)</b>

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.

#### 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:

	2013		2012	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	4,141,249	2,360,512	3,258,973	1,857,615
Liabilities	3,414,154	1,946,068	2,823,268	1,609,263
Net financial assets	727,095	414,444	435,705	248,352
Non-financial assets	895,780	510,595	999,904	569,945
Accumulated surplus	<b>1,622,875</b>	<b>925,039</b>	<b>1,435,609</b>	<b>818,297</b>

#### Results of Operations:

	2013		2012	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	12,313,017	7,018,420	11,968,768	6,822,198
Expenses	12,125,751	6,911,678	12,046,518	6,866,515
Annual (deficit)/surplus	<b>187,266</b>	<b>106,742</b>	<b>(77,750)</b>	<b>(44,317)</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 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:

	2013		2012	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	414,988	248,992	501,124	300,674
Liabilities	366,599	219,959	536,740	322,044
Net assets (debt)	48,389	29,033	(35,616)	(21,370)
Non-financial assets	17,671	10,603	3,278	1,967
Accumulated surplus (deficit)	<b>66,060</b>	<b>39,636</b>	<b>(32,338)</b>	<b>(19,403)</b>

#### Results of Operations:

	2013		2012	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	2,030,731	1,218,439	2,358,407	1,415,044
Expenses	1,932,333	1,159,400	2,225,715	1,335,429
Annual surplus	<b>98,398</b>	<b>59,039</b>	<b>132,692</b>	<b>79,615</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 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 to/(from) the County of \$(556,926) (2012 – \$37,632).

#### Results of Operations:

	2013		2012	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	3,002,994	1,501,497	4,026,105	2,013,053
Expenses	3,293,584	1,646,792	3,055,844	1,527,922
Net (expenses) revenues	<b>(290,590)</b>	<b>(145,295)</b>	<b>970,261</b>	<b>485,131</b>

### 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 and part-time staff that meet specific eligibility requirements. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of credited service and average earnings.

The 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 2013, the current service cost amounted to \$6,332,353 (2012 - \$5,669,827).

### 18. Trust Funds

Trust funds administered by the Corporation of the City of Peterborough amounting to \$390,573 (2012 - \$887,194) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities. Due to the fact that balances are held in trust by the Corporation for the benefit of others, they are not presented as part of financial position or financial activities.

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

### 19. Budget Figures

The budget approved by the Corporation for the year is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated 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
2014	2,449,957	644,362	3,094,319
2015	2,489,064	644,362	3,133,426
2016	2,529,371	644,362	3,173,733
2017	2,570,929	644,362	3,215,291
2018	2,613,739	161,090	2,774,829
Thereafter	21,346,304	-	21,346,304
Total minimum lease payments	33,999,364	2,738,538	36,737,902
Less: payments assumed by sub-lessee	14,074,662	-	14,074,662
	<b>19,924,702</b>	<b>2,738,538</b>	<b>22,663,240</b>

(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, 2013

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### 21. Contingent Liabilities

The Corporation of the City of Peterborough, in the course of operations is subject to claims, lawsuits and contingencies. The City records settlements as liabilities in the period they are reasonably determined. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the City does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its financial position.

On May 4, 2007, Bill 233, the Workplace Safety and Insurance Amendment Act (Presumptions for Firefighters), 2007, received Royal Assent. The Act provides for the eligibility of firefighters, and fire investigators, to receive compensation when they were deemed to have been subjected to certain illnesses and/or injuries sustained since January 1, 1960. The Act presumes that certain conditions, illnesses or injuries were work-related unless it can be demonstrated that the condition, illness or injury was a result of a non-work related incident, or was hereditary.

As a Schedule 2 employer under the Workplace Safety and Insurance Board Act, the City self-insures against claims made under the provisions of this Act. As the City provides fire protection services, certain current and former employees of the City may be eligible to receive awards under the amended Act. At this point in time, it is not practical to determine what exposure, if any, the City has as a result of the amended Act coming to force, and consequently, no amount has been provided for in these financial statements.

### 22. Loan Guarantee

In August 2005, the City of Peterborough entered into an agreement with the Peterborough Family Y.M.C.A. to guarantee the mortgage for the new Y.M.C.A. building to an amount not to exceed \$7,250,000. The balance outstanding on the loan at December 31, 2013 is \$4,518,000 (2012 - \$4,673,000).

### 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, 2013, amounted to \$2,381,341 (2012 - \$2,638,031) and \$1,339,096 (2012 - \$1,633,237) 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 2013, the proportion based on weighted assessment for the City was 46.3% (2012 - 46.6%). Based on this percentage, the City's portion of Net Revenues was \$620,001 (2012 - \$761,088).



# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

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### 24. Segment Information

The Corporation of the City of Peterborough is a diversified municipal government institution that provides a range of services to its residents including police, fire, public transit, community services, solid waste management and recycling. Municipal services are reported by function and their activities are separately disclosed in the segment information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segment financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements. Revenues are allocated to segments based on amounts originally budgeted, adjusted for Public Sector Accounting Board recommendations or based on the Provincial requirements of the Financial Information Return. Expenses are allocated to segments based on the Provincial requirements for the Financial Information Return.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

Functions disclosed separately in the segment information are as follows:

#### **General Government**

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

#### **Protection to Persons and Property**

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

#### **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 activities of the Peterborough City-County Health Unit and activities of the land ambulance service that is a shared service with the County of Peterborough.

#### **Social and Family Services**

The social and family services function includes general assistance as well as childcare services and assistance to aged persons provided by Fairhaven.

# CORPORATION OF THE CITY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For The Year Ended December 31, 2013

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### 24. Segment Information – continued

#### **Social Housing Services**

The social housing function provides access and administration related to affordable housing in the City including the activities of Peterborough Housing Corporation.

#### **Recreation and Cultural Services**

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

#### **Planning and Development Services**

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

#### **Electric Utility**

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

### 25. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation adopted in the current year. Annual surplus for the previous year is not affected by this reclassification.

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For The Year Ended December 31, 2013

	General					Infrastructure							Assets under Construction	Total \$
	Land and land Improvements	Buildings	Machinery and equipment	Vehicles	Books and materials	Land and land Improvements	Buildings	Machinery & Vehicles	Roadways and sidewalks	Storm sewer system	Wastewater System	Water System		
<b>COST</b>														
Balance, beginning of year	115,505,709	196,414,833	23,572,573	28,297,714	2,857,464	26,070,698	43,606,369	5,737,397	206,492,599	63,737,865	74,804,261	141,689,744	13,929,212	942,716,438
Add: Additions	7,632	35,591	293,687	-	448,290	-	234,013	-	-	-	-	5,656,277	55,123,923	61,799,413
Less: disposals and retirements	3,477,003	10,118,193	1,166,315	515,950	259,798	20	-	631,355	1,485,566	466,543	2,008,821	-	-	20,129,564
Interfund transfers	15,269,089	13,231,702	2,371,226	5,295,803	-	146,500	351,035	-	10,544,132	876,403	3,042,534	-	(51,128,424)	-
<b>BALANCE, end of year</b>	<b>127,305,427</b>	<b>199,563,933</b>	<b>25,071,171</b>	<b>33,077,567</b>	<b>3,045,956</b>	<b>26,217,178</b>	<b>44,191,417</b>	<b>5,106,042</b>	<b>215,551,165</b>	<b>64,147,725</b>	<b>75,837,974</b>	<b>147,346,021</b>	<b>17,924,711</b>	<b>984,386,287</b>
<b>ACCUMULATED AMORTIZATION</b>														
Balance, beginning of year	19,888,288	88,115,034	9,356,711	11,919,354	1,433,012	37,272	21,384,196	3,797,127	90,757,840	18,715,845	26,715,488	61,175,025	-	353,295,192
Add: Amortization	2,591,007	5,365,878	2,460,976	1,899,142	391,488	24,848	1,013,424	409,329	5,858,103	920,408	1,997,523	4,191,651	-	27,123,777
Less: disposals and retirements	775,302	419,876	1,148,601	488,716	259,798	-	-	631,355	1,178,959	428,939	1,890,637	-	-	7,222,183
<b>BALANCE, end of year</b>	<b>21,703,993</b>	<b>93,061,036</b>	<b>10,669,086</b>	<b>13,329,780</b>	<b>1,564,702</b>	<b>62,120</b>	<b>22,397,620</b>	<b>3,575,101</b>	<b>95,436,984</b>	<b>19,207,314</b>	<b>26,822,374</b>	<b>65,366,676</b>	<b>-</b>	<b>373,196,786</b>
<b>NET BOOK VALUE</b>	<b>105,601,434</b>	<b>106,502,897</b>	<b>14,402,085</b>	<b>19,747,787</b>	<b>1,481,254</b>	<b>26,155,058</b>	<b>21,793,797</b>	<b>1,530,941</b>	<b>120,114,181</b>	<b>44,940,411</b>	<b>49,015,600</b>	<b>81,979,345</b>	<b>17,924,711</b>	<b>611,189,501</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For The Year Ended December 31, 2013

	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 \$
<b>REVENUES</b>											
Property taxation	16,915,624	34,585,117	17,163,471	5,535,271	4,791,727	8,963,834	3,790,008	10,802,040	722,890	-	103,269,982
Taxation from other governments	444,530	908,871	451,043	145,463	125,923	235,563	99,599	283,870	18,997	-	2,713,859
User fees and service charges	537,300	745,158	8,617,568	32,329,362	444,916	5,501,695	5,488,934	8,571,648	135,996	-	62,372,577
Government grants and other municipalities	-	1,902,425	4,046,611	1,105,585	5,707,080	53,673,483	10,098,619	516,087	1,506,995	-	78,556,885
Development levies and contributions from developers	-	(54,808)	3,224,306	1,388,421	-	-	-	3,161,300	479,525	-	8,198,744
Licences, permits, royalties and rents	853,610	1,445,918	42,676	67,825	-	-	-	509,854	-	-	2,919,883
Fines and other charges	-	2,381,341	-	-	-	-	-	-	-	-	2,381,341
Penalties and interest on taxes	794,706	-	-	-	-	-	-	-	-	-	794,706
Investment income	608,176	1,243,456	617,087	430,206	192,388	350,128	191,338	394,035	26,020	-	4,052,834
Donations and contributed tangible capital assets	-	-	266,945	601,616	-	-	-	1,459,450	2,002	-	2,330,013
Other	-	-	-	559,351	228,390	-	224,715	-	259,904	-	1,272,360
Income from government business enterprises (Note 7)	-	-	-	-	-	-	-	-	-	8,325,246	8,325,246
<b>TOTAL REVENUES</b>	<b>20,153,946</b>	<b>43,157,478</b>	<b>34,429,707</b>	<b>42,163,100</b>	<b>11,490,424</b>	<b>68,724,703</b>	<b>19,893,213</b>	<b>25,698,284</b>	<b>3,152,329</b>	<b>8,325,246</b>	<b>277,188,430</b>
<b>EXPENSES</b>											
Salaries, wages and employee benefits	4,488,079	36,296,767	14,947,698	3,978,062	5,104,078	18,526,981	2,634,976	9,448,447	2,141,990	-	97,567,078
Interest on net long term debt	67,284	259,571	1,074,218	718,715	-	529,431	606,632	473,267	31,244	-	3,760,362
Materials	3,938,910	2,459,863	7,692,231	3,092,741	1,559,435	2,038,983	5,752,278	3,561,215	1,030,790	-	31,126,446
Contracted services	2,893,705	654,002	3,674,136	14,590,094	4,151,816	1,151,568	8,927,101	4,581,571	503,278	-	41,127,271
Rents and financial expenses	212,310	52,211	20,506	576,885	73,381	684,364	120,212	287,143	44,726	-	2,071,738
External transfers	413,986	1,675,018	-	-	490,445	44,593,910	1,623,871	1,672,393	12,200	-	50,481,823
Amortization	1,191,088	1,400,318	9,849,052	8,983,150	62,639	754,565	1,001,800	3,869,484	11,681	-	27,123,777
Loss/(gain) on disposal of tangible capital assets	514,173	(154,019)	(1,226,564)	155,785	-	-	-	9,592	(980)	-	(702,013)
Interfunctional transfers	(7,623,525)	3,228,805	(2,507,879)	1,969,311	407,273	1,718,030	430,611	2,224,926	152,448	-	-
<b>TOTAL EXPENSES</b>	<b>6,096,010</b>	<b>45,872,536</b>	<b>33,523,398</b>	<b>34,064,743</b>	<b>11,849,067</b>	<b>69,997,832</b>	<b>21,097,481</b>	<b>26,128,038</b>	<b>3,927,377</b>	<b>-</b>	<b>252,556,482</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>14,057,936</b>	<b>(2,715,058)</b>	<b>906,309</b>	<b>8,098,357</b>	<b>(358,643)</b>	<b>(1,273,129)</b>	<b>(1,204,268)</b>	<b>(429,754)</b>	<b>(775,048)</b>	<b>8,325,246</b>	<b>24,631,948</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For The Year Ended December 31, 2012

	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 \$
<b>REVENUES</b>											
Property taxation	16,724,111	32,762,564	15,422,354	5,574,704	4,511,436	9,519,726	3,776,092	10,135,825	944,023	-	99,370,835
Taxation from other governments	463,175	907,362	427,124	154,392	124,945	263,650	104,579	280,713	26,145	-	2,752,085
User fees and service charges	459,168	694,930	8,070,528	35,717,269	415,099	5,706,812	5,310,911	8,883,088	190,656	-	65,448,461
Government grants and other municipalities	212,191	2,388,845	4,329,338	1,606,300	5,811,094	53,214,396	11,450,451	743,242	756,134	-	80,511,991
Development levies and contributions from developers	24,785	523,328	4,039,348	1,834,798	-	-	-	59,400	308,374	-	6,790,033
Licences, permits, royalties and rents	924,599	1,464,699	61,002	45,468	-	-	-	576,754	-	-	3,072,522
Fines and other charges	-	2,638,031	-	-	-	-	-	-	-	-	2,638,031
Penalties and interest on taxes	726,150	-	-	-	-	-	-	-	-	-	726,150
Investment income	616,551	1,207,824	568,560	403,802	180,303	391,638	183,188	379,498	34,831	-	3,966,195
Donations and contributed tangible capital assets	-	-	1,168,561	95,410	-	-	42,971	2,901,932	593,883	-	4,802,757
Other	59,254	-	-	178,716	52,916	-	180,458	-	226,416	-	697,760
Income from government business enterprises	-	-	-	-	-	-	-	-	-	4,689,245	4,689,245
<b>TOTAL REVENUES</b>	<b>20,209,984</b>	<b>42,587,583</b>	<b>34,086,815</b>	<b>45,610,859</b>	<b>11,095,793</b>	<b>69,096,222</b>	<b>21,048,650</b>	<b>23,960,452</b>	<b>3,080,462</b>	<b>4,689,245</b>	<b>275,466,065</b>
<b>EXPENSES</b>											
Salaries, wages and employee benefits	2,555,250	35,565,121	14,280,339	3,820,938	5,031,892	18,465,127	2,563,239	9,034,964	2,045,573	-	93,362,443
Interest on net long term debt	77,510	249,822	1,066,648	610,700	-	581,972	633,467	513,813	47,444	-	3,781,376
Materials	3,827,161	2,432,940	7,231,383	2,570,751	1,452,951	1,937,742	5,381,754	3,776,428	1,035,095	-	29,646,205
Contracted services	2,139,819	643,995	2,843,455	13,512,841	3,908,125	1,147,980	11,620,950	3,685,019	587,371	-	40,089,555
Rents and financial expenses	217,846	45,469	16,553	647,837	71,530	683,637	218,301	272,597	32,413	-	2,206,183
External transfers	202,530	1,834,112	-	-	580,228	45,716,957	1,561,058	1,469,911	377,735	-	51,742,531
Amortization	1,032,601	1,172,498	9,373,683	9,077,091	74,685	762,702	1,036,509	3,968,999	6,477	-	26,505,245
Loss/(gain) on disposal of tangible capital assets	766,809	(42,859)	587,027	320,689	-	-	-	13,497	(362,801)	-	1,282,362
Interfunctional transfers	(6,499,157)	2,905,011	(2,558,529)	1,807,341	336,064	1,367,828	605,567	1,911,354	124,521	-	-
<b>TOTAL EXPENSES</b>	<b>4,320,369</b>	<b>44,806,109</b>	<b>32,840,559</b>	<b>32,368,188</b>	<b>11,455,475</b>	<b>70,663,945</b>	<b>23,620,845</b>	<b>24,646,582</b>	<b>3,893,828</b>	<b>-</b>	<b>248,615,900</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>15,889,615</b>	<b>(2,218,526)</b>	<b>1,246,256</b>	<b>13,242,671</b>	<b>(359,682)</b>	<b>(1,567,723)</b>	<b>(2,572,195)</b>	<b>(686,130)</b>	<b>(813,366)</b>	<b>4,689,245</b>	<b>26,850,165</b>

## INDEPENDENT AUDITORS' REPORT

### To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Peterborough

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#### *Report on the Financial Statements*

We have audited the accompanying financial statements Trust Funds of the Corporation of the City of Peterborough and its local boards, which comprise the statement of financial position as at December 31, 2013, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the City of Peterborough and its local boards as at December 31, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants  
Peterborough, Ontario  
June 30, 2014

# CORPORATION OF THE CITY OF PETERBOROUGH

## TRUST FUNDS STATEMENT OF CONTINUITY For The Year Ended December 31, 2013

	City Parks \$	Special Holding \$	Safety Patrol \$	Cenotaph Trust \$	Library Trust Funds \$	Morrow Park Trust \$	Parks Hancock Trust \$	Parks Tollington Endowment \$	Mayor's Trust \$	Fairhaven Special Purpose \$	Residents' Personal Trust \$	2013 \$	2012 \$
<b>ACCUMULATED SURPLUS, beginning of year</b>	117,474	18,132	22,276	42,383	20,334	6,434	32,222	511,881	36,862	5,865	73,331	887,194	804,219
<b>REVENUES</b>													
Deposits and grants	-	-	9,775	-	-	-	-	-	73,340	-	96,707	179,822	250,780
Transfer from Fairhaven	-	-	-	-	-	-	-	-	-	-	49,465	49,465	59,930
Interest earned	1,355	209	237	488	236	74	372	5,904	423	65	-	9,363	8,475
	1,355	209	10,012	488	236	74	372	5,904	73,763	65	146,172	238,650	319,185
<b>EXPENSES</b>													
Transfers to operations	-	-	-	-	231	-	-	-	-	-	-	231	232
Withdrawals, purchases	-	-	8,566	178	-	-	-	511,881	73,763	18	135,613	730,019	232,979
Residents maintenance	-	-	-	-	-	-	-	-	-	-	4,021	4,021	2,731
Donation	-	-	-	-	-	-	-	-	-	-	1,000	1,000	268
	-	-	8,566	178	231	-	-	511,881	73,763	18	140,634	735,271	236,210
<b>ACCUMULATED SURPLUS, end of year</b>	118,829	18,341	23,722	42,693	20,339	6,508	32,594	5,904	36,862	5,912	78,869	390,573	887,194

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2013

	City Parks \$	Special Holding \$	Safety Patrol \$	Cenotaph Trust \$	Library Trust Funds \$	Morrow Park Trust \$	Parks Hancock Trust \$	Parks Tollington Endowment \$	Mayor's Trust \$	Fairhaven Special Purpose \$	Residents' Personal Trust \$	2013 \$	2012 \$
<b>FINANCIAL ASSETS</b>													
Cash	118,829	18,341	25,422	42,891	20,570	6,508	32,594	5,904	36,862	5,912	81,061	394,894	892,290
	118,829	18,341	25,422	42,891	20,570	6,508	32,594	5,904	36,862	5,912	81,061	394,894	892,290
<b>LIABILITIES AND ACCUMULATED SURPLUS</b>													
Accounts payable	-	-	1,700	198	231	-	-	-	-	-	-	2,129	1,751
Due to revenue fund	-	-	-	-	-	-	-	-	-	-	2,192	2,192	3,345
Accumulated surplus	118,829	18,341	23,722	42,693	20,339	6,508	32,594	5,904	36,862	5,912	78,869	390,573	887,194
<b>LIABILITIES AND ACCUMULATED SURPLUS</b>	118,829	18,341	25,422	42,891	20,570	6,508	32,594	5,904	36,862	5,912	81,061	394,894	892,290

# CORPORATION OF THE CITY OF PETERBOROUGH

## TRUST FUNDS - NOTE TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2013

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### 1. Significant Accounting Policies

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

#### 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, accounts payable, 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.