



City of  
**Peterborough**

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**To:** **Members of the Audit Committee**

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

**Meeting Date:** **June 22, 2015**

**Subject:** **Report CPFS15-030**  
**Treasurer's Report, 2014 Consolidated Financial Report, 2014**  
**Trust Funds Financial Statement and Five-Year Review**

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## **Purpose**

A report to recommend the Treasurer's Report, 2014 Consolidated Financial Report, the 2014 Trust Funds Financial Statement and Five Year Review be received, that underlying accounting policies be approved, and the 2014 Financial Report be received and submitted to the Province of Ontario.

## **Recommendations**

That Council approve the recommendations outlined in report CPFS15-030 dated June 22, 2015, of the Director of Corporate Services as follows:

- a) That Report CPFS15-030, Treasurer's Report, 2014 Consolidated Financial Report, the 2014 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, 2014 Consolidated Financial Report and 2014 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 2014 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 2014 Financial Report for the City of Peterborough**



City of  
**Peterborough**

500 George Street North, Peterborough, ON K9H 3R9

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June 22, 2015

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

## **Treasurer's Report on the 2014 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, 2014. 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 2014 Capital and Operating Budget on December 9, 2013.

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.

As part of the Budget process, the Operating Budget is re-stated into a format that conforms to Public Sector Accounting Standards. Those standards require that all Inter-fund transfers be eliminated, debt principal be removed and the effects of unfunded liabilities such as employee future benefits 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 Chartered Professional Accountants of Canada.

The statements include all organizations that are accountable for the administration of their financial affairs and resources to Council, and are owned or controlled by the City. These organizations make up what is known as the reporting entity. Some organizations are fully consolidated whereas others are proportionately consolidated meaning only a percentage of the organization is accounted for. 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 (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>

During 2014, City of Peterborough Holdings Inc. adopted International Financial Reporting Standards ("IFRS"). In prior years, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The Company restated its opening statement of Financial Position as at January 1, 2013, its IFRS transition date, by applying IFRS retrospectively, except

with regard to specific items. First-time adoption of IFRS either prohibits or modifies the retrospective application of IFRS. As a result of their adoption of IFRS, certain previously reported figures in the City's consolidated financial statements have changed and may be summarized as follows:

	<b>2013</b> <b>\$</b>
Investment in Government Business Enterprise - previously stated	92,412,594
Change in opening retained earnings	7,428,895
Change in 2013 net earnings	197,503
Investment in Government Business Enterprise - restated	100,038,992
Income from Government Business Enterprise - previously stated	8,325,246
Change in 2013 net earnings	197,503
Income from Government Business Enterprise - restated	8,522,749
Opening 2013 accumulated surplus - previously stated	689,405,458
Change in opening retained earnings	7,428,895
Opening 2013 accumulated surplus – restated	696,834,353
Ending 2013 accumulated surplus - previously stated	714,037,406
Change in opening retained earnings	7,428,895
Change in 2013 net earnings	197,503
Ending 2013 accumulated surplus – restated	721,663,804

## External Audit

The financial statements have been audited by the City's external auditors, Collins Barrow Kawartha LLP in accordance with Generally Accepted Auditing Standards. The auditors have expressed an unqualified 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 funds, capital funds and reserve funds. The transactions and balances of these funds have been consolidated to report the overall financial position and financial activities of the City. The Statement of Financial Position is calculated at a very specific date in time, December 31, whereas the Statement of Operations and Accumulated Surplus summarizes the transactions that have occurred throughout the fiscal year.

### **Results of Operations**

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

During 2014, the City recorded consolidated revenues of \$283.0 million (2013 - \$277.5 million).

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



**Chart 2 - Consolidated Revenues**

	2014		2013		Variance Increase (decrease)
	\$	%	\$	%	\$
Property taxation	109,084,703	38.6	103,269,982	37.3	5,814,721
Taxation from other governments	2,899,741	1.0	2,713,859	1.0	185,882
User fees and service charges	65,537,694	23.2	62,372,577	22.5	3,165,117
Government grants & other municipalities	84,684,043	29.9	78,556,885	28.3	6,127,158
Development levies and contribution from developers	4,145,496	1.5	8,198,744	3.0	(4,053,248)
Licenses, permits royalties and rents	2,659,837	0.9	2,919,883	1.1	(260,046)
Fines and other charges	2,217,226	0.8	2,381,341	0.9	(164,115)
Penalties and interest on taxes	928,807	0.3	794,706	0.3	134,101
Investment income	4,276,743	1.5	4,052,834	1.5	223,909
Donations and contributed capital assets	2,902,850	1.0	2,330,013	0.8	572,837
Other	1,402,791	0.5	1,413,092	0.5	(10,301)
Income from government business enterprise	2,221,399	0.8	8,522,749	3.1	(6,301,350)
<b>Total Consolidated Revenues</b>	<b>282,961,330</b>	<b>100.0</b>	<b>277,526,665</b>	<b>100.0</b>	<b>5,434,665</b>

Revenues increased \$5.4 million due to several factors:

- The property taxation levy was \$5.6 million higher than the previous year, supplementary taxes increased by \$0.2 million for total increase of \$5.8 million.
- User fees and services charges increased by \$3.2 million. The increase is mostly a result of an additional \$1.3 million collected through Peterborough Utilities Commission and \$0.6 million at various recreation facilities.
- Government grants increased by \$6.1 million. Various programs within Social and Family Services accounted for \$3.5 million. Grants associated with Road infrastructure increased by \$1.5 million.
- The revenue from Development levies and contributions from developers represents development charge funds withdrawn from the reserve to partially or fully fund capital projects. Revenue was higher in 2013 as there was more activity in capital projects funded by development charges and obligatory reserves such as the rectangular sport field projects than in 2014.

- The income from government business enterprise figure was \$6.3 million lower in 2014 based on the results of operations of the City of Peterborough Holdings Inc. and its subsidiary group of companies.

Consolidated expenses totaled \$262.1 million (2013 - \$252.7 million).

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

### Chart 3 - Consolidated Expenses

	2014		2013		Variance Increase (decrease)
	\$	%	\$	%	\$
General government	6,267,281	2.4	6,096,010	2.4	171,271
Protection services	48,328,133	18.4	45,872,536	18.2	2,455,597
Transportation	36,961,156	14.1	33,523,398	13.3	3,437,758
Environmental	33,754,106	12.9	34,064,743	13.5	(310,637)
Health	11,620,399	4.4	11,849,067	4.7	(228,668)
Social and family	72,638,754	27.7	69,997,832	27.7	2,640,922
Social housing	21,165,513	8.1	21,238,213	8.4	(72,700)
Recreation and cultural	26,155,364	10.0	26,128,038	10.3	27,326
Planning and development	5,209,492	2.0	3,927,377	1.5	1,282,115
Total Consolidated Expenses	<b>262,100,198</b>	<b>100.0</b>	<b>252,697,214</b>	<b>100.0</b>	<b>9,402,984</b>

Expenses increased \$9.4 million due to several factors:

- Protection services expenditures, especially Fire and Police are mostly salaries, wages and employee benefits and account for \$2.2 of the increase over 2013.
- Transportation expenditures are \$3.4 million higher as a direct result of increased activities related to winter control at \$0.8 million, costs for fuel, maintenance to roads and repairs to fleet vehicles amounting to an additional \$1.0 million and the Transportation Division at \$0.5 million.
- Environmental Services costs were higher in 2013 due to costs related to the reconstruction of Bensfort Road than in 2014.

- Social and Family Services costs were higher in comparison to 2013 mostly as a result of the additional spend in Child Care services of \$1.7 million, Fairhaven at \$0.5 million and General Assistance at \$0.4 million.
- Planning and Development costs increased by \$1.3 million mostly as a result of the one-time costs not resulting in tangible capital assets such as the contribution to the Naval Association and the municipal incentives for seniors housing.

The annual surplus amounts to \$20.9 million (2013 - \$24.8 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 \$28.1 million (2013 - \$27.1 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 \$62.9 million (2013 - \$61.8 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 \$95.7 million (2013 - \$109.0 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 decrease of \$13.3 million in the net financial asset position results primarily from revenues being in excess of operating expenses of \$20.9 million and amortization of tangible capital assets of \$28.1 million to finance the acquisition of tangible capital assets totaling \$62.9 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 \$742.5 million (2013 - \$721.7 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**

	2014 \$	2013 \$
<b>Surplus/(Deficit)</b>		
<b>City of Peterborough</b>		
Operating surplus	180,081	115,266
Unexpended financing	4,702,893	3,850,022
	4,882,974	3,965,288
<b>Consolidated Entities</b>		
Peterborough County-City Health Unit	49,528	59,586
The Village Business Improvement Area	31,689	28,495
Greater Peterborough Area Economic Development Corp.	43,195	7,041
Peterborough Downtown Business Improvement Area	87,658	50,482
Peterborough Utilities Commission	8,461,472	11,264,505
Peterborough Public Library Board	47,190	58,407
	8,720,732	11,468,516
<b>Unfunded amounts</b>		
Employee benefits	(28,301,899)	(28,139,058)
Solid waste landfill closure and post-closure	(4,626,208)	(4,649,589)
Accrued interest on long term debt	(896,900)	(890,824)
	(33,825,007)	(33,679,471)
<b>Inventory for resale</b>	8,480,593	8,480,593
<b>Equity in government business enterprise (below)</b>	93,028,391	94,288,992
<b>Invested in Tangible Capital Assets</b>		
Tangible capital assets (net)	645,161,769	611,189,501
Unexpended capital financing	484,175	2,572,909
Long term debt	(95,490,781)	(93,954,232)
	550,155,163	519,808,178
<b>Reserve Funds and Reserves</b>		
Discretionary reserve funds	32,770,728	41,466,754
Reserves	78,311,362	75,864,954
	111,082,090	117,331,708
<b>ACCUMULATED SURPLUS</b>	<b>742,524,936</b>	<b>721,663,804</b>

The equity in government business enterprise is comprised of the following:

Investment in government business enterprise	98,778,391	100,038,992
Short term advances due on demand bearing interest at prime less 1.25%	-	(5,750,000)
Short term cash advances converted to shares	(5,750,000)	-
Equity in government business enterprise	93,028,391	94,288,992

## Conclusion

The City of Peterborough continues to be well positioned financially for the future.

The level of capital spending throughout 2014 remained high at \$62.9 million and is a direct result of the 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 and 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)

	2014	2013	2012	2011	2010
<b>CURRENT PROGRAM ACTIVITY</b>					
<b>Consolidated Revenues</b>					
Taxation	109,085	103,270	99,371	96,319	93,048
Taxation from other governments	2,900	2,714	2,752	2,666	2,434
Fees and service charges	65,538	62,397	65,448	60,515	60,203
Government grants and other Municipalities	84,684	78,557	80,512	85,434	111,840
Development levies	4,145	8,199	6,790	8,121	5,145
Investment and other revenue	16,609	22,051	20,593	18,655	15,687
	282,961	277,188	275,466	271,710	288,357
<b>Expenses</b>	262,100	252,556	248,616	244,818	238,725
<b>Growth in accumulated surplus</b>	20,861	24,632	26,850	26,892	49,632
<b>NET LONG TERM LIABILITIES</b>					
For general municipal activities	94,306	92,239	91,669	77,196	84,371
For municipal enterprises	1,185	1,715	2,347	2,938	3,492
	95,491	93,954	94,016	80,134	87,863
General municipal activities - net long term liabilities as % of CVA	1.2%	1.2%	1.2%	1.1%	1.3%
<b>CURRENT CHARGES FOR NET LONG TERM LIABILITIES</b>					
General municipal activities and for municipal enterprise	12,855	12,986	11,767	12,658	9,876
<b>CURRENT VALUE ASSESSMENT (CVA) - TAXABLE</b>					
Residential and farm	6,613,688	6,404,837	6,194,867	5,857,704	5,504,263
Commercial and industrial	1,215,601	1,189,123	1,155,969	1,061,768	975,658
	7,829,289	7,593,960	7,350,836	6,919,472	6,479,921
Percentage increase from previous year	3.10%	3.31%	6.23%	6.78%	6.24%
(Note: Market value re-assessments took place in 2009. The re-assessment in being phased in over 4 years.)					
Commercial / industrial CVA as percentage of total	15.5%	15.7%	15.7%	15.3%	15.1%

# CITY OF PETERBOROUGH

## FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2014	2013	2012	2011	2010
<b>VALUE OF BUILDING PERMITS ISSUED</b>					
Residential	70,322	81,996	70,043	69,805	51,568
Commercial	31,356	20,287	29,336	35,992	26,271
Industrial	56,232	4,179	4,865	9,690	613
Institutional	11,164	13,512	38,818	6,368	2,038
	169,074	119,973	143,062	121,854	80,490
Percentage increase (decrease) from previous year	40.9%	-16.1%	17.4%	51.4%	-37.1%
<b>TAX LEVY AND ARREARS</b>					
<b>Tax levy</b>					
Current year's tax levy - municipal and education combined	139,655	134,635	129,836	125,701	121,905
Percentage increase over previous year	3.7%	3.7%	3.3%	3.1%	3.6%
<b>Tax arrears</b>					
Total arrears (excluding Allowance for Doubtful Accounts)	7,479	6,834	6,158	5,725	5,819
Percentage increase (decrease) over previous year	9.4%	11.0%	7.6%	-1.6%	8.6%
Tax arrears as a percentage of current tax levy	5.4%	5.1%	4.7%	4.6%	4.8%
<b>POPULATION &amp; SIZE</b>					
Estimated Population (Updated for 2011 Census)	78,700	78,700	78,700	78,700	74,900
Area in acres	16,639	16,639	16,523	16,523	16,523
<b>PER CAPITA INFORMATION</b>					
CVA - Taxable	99,483	96,493	93,403	87,922	86,514
Expenses	3,330	3,209	3,159	3,111	3,187
Net long-term debt for general municipal activities and municipal enterprise	1,213	1,194	1,195	1,018	1,173
Tax arrears	95	87	78	73	78



# CITY OF PETERBOROUGH

## FIVE YEAR REVIEW

(All dollar values in thousands except per capita figures)

	2014	2013	2012	2011	2010
<b>RATES OF TAXATION</b>					
<b>Municipal tax rates</b>					
Residential	1.2132270%	1.1788420%	1.1558860%	1.1717390%	1.1970150%
Multi-residential	2.3624080%	2.2954530%	2.2507530%	2.2816220%	2.3308400%
New Multi-residential	1.2132270%	1.1788420%	1.1558860%	1.1717390%	1.1970150%
Commercial	1.9656100%	1.9571130%	1.9652950%	2.0391770%	2.1311060%
Commercial Vacant	1.3759270%	1.3699790%	1.3757120%	1.4274240%	1.4917800%
Industrial	2.3192050%	2.4152110%	2.5267670%	2.7221840%	2.9451360%
Industrial Vacant	1.5074830%	1.5698870%	1.6423980%	1.7694200%	1.9143380%
Pipeline	1.5415260%	1.4978370%	1.4686690%	1.4888120%	1.5209270%
Farmlands	0.3033070%	0.2947110%	0.2889720%	0.2929350%	0.2992540%
<b>Education tax rates</b>					
Residential	0.2030000%	0.2120000%	0.2210000%	0.2310000%	0.2410000%
Multi-residential	0.2030000%	0.2120000%	0.2210000%	0.2310000%	0.2410000%
New Multi-residential	0.2030000%	0.2120000%	0.2210000%	0.2310000%	0.2410000%
Commercial	1.4457340%	1.4772980%	1.4788620%	1.5733320%	1.6809920%
Commercial Vacant	1.0120140%	1.0341090%	1.0352034%	1.1013324%	1.1766944%
Industrial	1.5600000%	1.5900000%	1.5900000%	1.9300000%	2.4500000%
Industrial Vacant	1.0140000%	1.0335000%	1.0335000%	1.2545000%	1.5925000%
Pipeline	1.2200000%	1.2600000%	1.2600000%	1.3295430%	1.3618190%
Farmlands	0.0507500%	0.0530000%	0.0552500%	0.0577500%	0.0602500%
<b>Combined municipal and education tax rates</b>					
Residential	1.4162270%	1.3908420%	1.3768860%	1.4027390%	1.4380150%
Multi-residential	2.5654080%	2.5074530%	2.4717530%	2.5126220%	2.5718400%
Commercial	3.4113440%	3.4344110%	3.4441570%	3.6125090%	3.8120980%
Commercial Vacant	2.3879410%	2.4040880%	2.4109154%	2.5287564%	2.6684744%
Industrial	3.8792050%	4.0052110%	4.1167670%	4.6521840%	5.3951360%
Industrial Vacant	2.5214830%	2.6033870%	2.6758980%	3.0239200%	3.5068380%
Pipeline	2.7615260%	2.7578370%	2.7286690%	2.8183550%	2.8827460%
Farmlands	0.3540570%	0.3477110%	0.3442220%	0.3506850%	0.3595040%

Appendix C

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

**Corporation of the City of Peterborough**  
**Consolidated Financial Statements**  
**At December 31, 2014**

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## The Corporation of the City of Peterborough

For The Year Ended December 31, 2014

### 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**

#### *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, 2014, 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, 2014 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 29, 2015

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2014

	2014 \$	Restated 2013 \$ (Note 2)
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments	49,522,931	79,936,089
Taxes receivable (Note 4)	5,306,110	4,849,033
Accounts receivable (Note 5)	20,457,303	27,122,720
Inventory held for resale	8,595,200	8,597,275
Investments (Note 6)	91,206,343	73,530,839
Other receivables (Note 7)	1,597,697	1,795,824
Investment in Government Business Enterprise (Note 8)	98,778,391	100,038,992
	275,463,975	295,870,772
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	30,222,504	37,470,781
Deferred revenue (Note 9)	2,909,363	2,930,368
Solid waste landfill closure and post-closure (Note 10)	4,626,208	4,649,589
Deferred revenue - obligatory reserve funds (Note 11)	16,035,520	17,568,208
Employee benefits (Note 12)	30,524,724	30,346,296
Long term debt (Note 13)	95,490,781	93,954,232
	179,809,100	186,919,474
<b>NET FINANCIAL ASSETS</b>	95,654,875	108,951,298
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 14)	645,161,769	611,189,501
Prepaid expenses	975,690	798,159
Inventory of supplies	732,602	724,846
	646,870,061	612,712,506
<b>ACCUMULATED SURPLUS (NOTE 15)</b>	<b>742,524,936</b>	<b>721,663,804</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, 2014

	Budget 2014 \$ (Unaudited)	2014 \$	Restated 2013 \$ (Note 2)
<b>REVENUES</b>			
Property taxation	108,967,149	109,084,703	103,269,982
Taxation from other governments	3,104,732	2,899,741	2,713,859
User fees and service charges	64,792,073	65,537,694	62,372,577
Government grants and other municipalities	82,667,501	84,684,043	78,556,885
Development levies and contributions from developers	2,592,887	4,145,496	8,198,744
Licenses, permits, royalties and rents	2,802,618	2,659,837	2,919,883
Fines and other charges	2,450,000	2,217,226	2,381,341
Penalties and interest on taxes	700,000	928,807	794,706
Investment income	3,480,645	4,276,743	4,052,834
Donations and contributed tangible capital assets	28,500	2,902,850	2,330,013
Other	1,195,780	1,402,791	1,413,092
Income from government business enterprise (Note 8)	-	2,221,399	8,522,749
<b>TOTAL REVENUES</b>	<b>272,781,885</b>	<b>282,961,330</b>	<b>277,526,665</b>
<b>EXPENSES</b>			
General government	9,577,011	6,267,281	6,096,010
Protection services	48,621,887	48,328,133	45,872,536
Transportation services	36,719,903	36,961,156	33,523,398
Environmental services	33,598,105	33,754,106	34,064,743
Health services	11,714,888	11,620,399	11,849,067
Social and family services	73,397,701	72,638,754	69,997,832
Social housing	21,983,376	21,165,513	21,238,213
Recreation and cultural services	26,200,764	26,155,364	26,128,038
Planning and development	4,199,912	5,209,492	3,927,377
<b>TOTAL EXPENSES</b>	<b>266,013,547</b>	<b>262,100,198</b>	<b>252,697,214</b>
<b>ANNUAL SURPLUS</b>	<b>6,768,338</b>	<b>20,861,132</b>	<b>24,829,451</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>721,663,804</b>	<b>721,663,804</b>	<b>696,834,353</b>
<b>ACCUMULATED SURPLUS, end of year (NOTE 15)</b>	<b>728,432,142</b>	<b>742,524,936</b>	<b>721,663,804</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, 2014

	Budget 2014 \$ (Unaudited)	2014 \$	Restated 2013 \$ (Note 2)
Annual Surplus	6,768,338	20,861,132	24,829,451
Amortization of tangible capital assets	29,052,989	28,091,974	27,123,777
Proceeds on disposal of tangible capital assets	-	163,502	13,609,394
Loss/(gain) on disposal of tangible capital assets	-	697,459	(702,013)
Acquisition of tangible capital assets	(45,866,060)	(62,925,203)	(61,799,413)
Change in prepaid expenses	-	(177,531)	5,887
Change in inventory of supplies	(5,000)	(7,756)	(25,435)
<b>(DECREASE)/INCREASE IN NET FINANCIAL ASSETS</b>	<b>(10,049,733)</b>	<b>(13,296,423)</b>	<b>3,041,648</b>
<b>NET FINANCIAL ASSETS, beginning of year</b>	<b>108,951,298</b>	<b>108,951,298</b>	<b>105,909,650</b>
<b>NET FINANCIAL ASSETS, end of year</b>	<b>98,901,565</b>	<b>95,654,875</b>	<b>108,951,298</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, 2014

	2014 \$	Restated 2013 \$ (Note 2)
<b>OPERATIONS</b>		
Annual Surplus	20,861,132	24,829,451
Non-cash charges to operations:		
Amortization	28,091,974	27,123,777
Loss on disposal of tangible capital assets	697,459	(702,013)
Income from government business enterprises	(2,221,399)	(8,522,749)
Solid waste landfill closure and post-closure	(23,381)	385,109
Employee benefits and other liabilities	178,428	(102,102)
Donated tangible capital assets	(2,637,075)	(922,780)
Sources (uses) of cash:		
Taxes receivable	(457,077)	(620,417)
Accounts receivable	6,665,417	(3,071,989)
Inventory held for resale	2,075	89,474
Other receivables	198,127	(173,480)
Accounts payable and accrued liabilities	(7,248,277)	6,946,842
Deferred revenue	(21,005)	733,806
Deferred revenue - obligatory reserves	(1,532,688)	(1,547,878)
Prepaid expenses	(177,531)	5,887
Inventory of supplies	(7,756)	(25,435)
Net increase in cash related to operations	42,368,423	44,425,503
<b>CAPITAL</b>		
Proceeds on disposal of tangible capital assets	163,502	13,609,394
Purchased tangible capital assets	(60,288,128)	(60,876,633)
Net decrease in cash related to capital	(60,124,626)	(47,267,239)
<b>INVESTING</b>		
Proceeds from portfolio investments	34,386,360	53,481,611
Purchase of portfolio investments	(52,061,864)	(69,054,624)
Dividends received from government business enterprise	3,482,000	3,381,000
Net decrease in cash related to investing	(14,193,504)	(12,192,013)
<b>FINANCING</b>		
Long term debt issued	10,472,400	9,163,600
Long term debt principal repayment	(8,935,851)	(9,225,308)
Net increase/(decrease) in cash related to financing	1,536,549	(61,708)
<b>NET CHANGE IN CASH AND TEMPORARY INVESTMENTS</b>	<b>(30,413,158)</b>	<b>(15,095,457)</b>
<b>CASH AND TEMPORARY INVESTMENTS, beginning of year</b>	<b>79,936,089</b>	<b>95,031,546</b>
<b>CASH AND TEMPORARY INVESTMENTS, end of year</b>	<b>49,522,931</b>	<b>79,936,089</b>

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, 2014

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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 represent the municipal position and consist of 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 (2014 – 66%) (2013 – 66%)
2. Peterborough County-City Health Unit (2014– 57%) (2013 – 57%)
3. Greater Peterborough Area Economic Development Corporation (2014 – 60%) (2013 – 60%)

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

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4. Peterborough County-City Waste Management Facility (2014 - 50%) (2013 – 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.

### 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.

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

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### **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.

### **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.

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

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### **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, 2014

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### 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 and other receivables and has issued long term debt that may be impacted by interest rate risk. Management attempts to mitigate this risk through its investment policy.

#### 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, 2014

### 2. Prior year restatement

During 2014, City of Peterborough Holdings Inc. adopted International Financial Reporting Standards ("IFRS"). In prior years, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The Company restated its opening statement of Financial Position as at January 1, 2013, its IFRS transition date, by applying IFRS retrospectively, except with regard to specific items. First-time adoption of IFRS either prohibits or modifies the retrospective application of IFRS.

The Corporation of the City of Peterborough accounts for City of Peterborough Holdings Inc. on a modified equity basis, as a result of their adoption of IFRS, certain previously reported figures were adjusted as follows:

	2013 \$
Investment in Government Business Enterprise - previously stated	92,412,594
Change in opening retained earnings	7,428,895
Change in 2013 net earnings	197,503
Investment in Government Business Enterprise - restated	100,038,992
Income from Government Business Enterprise - previously stated	8,325,246
Change in 2013 net earnings	197,503
Income from Government Business Enterprise - restated	8,522,749
Opening 2013 accumulated surplus - previously stated	689,405,458
Change in opening retained earnings	7,428,895
Opening 2013 accumulated surplus – restated	696,834,353
Ending 2013 accumulated surplus - previously stated	714,037,406
Change in opening retained earnings	7,428,895
Change in 2013 net earnings	197,503
Ending 2013 accumulated surplus – restated	721,663,804

### 3. Transfers to the School Boards

During 2014, the City made property tax transfers to the School Boards. The amounts collected and remitted amounted to \$30,808,617 (2013 - \$30,983,960). These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.



# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### 4. Taxes Receivable

This figure is comprised of the following:

	2014 \$	2013 \$
Current year's levies	3,019,216	2,964,846
Previous year's levies	1,536,348	1,459,142
Prior year's levies	2,664,528	2,291,485
Penalties and interest	1,693,429	1,555,796
	8,913,521	8,271,269
Allowance for uncollectible taxes	(3,607,411)	(3,422,236)
	<b>5,306,110</b>	<b>4,849,033</b>

### 5. Accounts Receivable

This figure is comprised of the following:

	2014 \$	2013 \$
Government of Canada	3,255,853	6,774,055
Government of Ontario	4,158,973	4,887,684
Other municipalities and school boards	1,995,400	1,801,501
User charges and other receivables	11,047,077	13,659,480
	<b>20,457,303</b>	<b>27,122,720</b>

### 6. Investments

The investments have a market value of \$91,206,343 (2013 - \$73,530,839) 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.

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### 7. Other Receivables

This figure is comprised of the following:

	2014 \$	2013 \$
Employee Computer Purchase Plan Loans	-	9,023
Trent University – Woodland Acres Sanitary Sewer	106,079	128,408
Peterborough Lakers Lacrosse Association	36,000	48,000
Peterborough Lawn Bowling Club	445,000	525,000
Market Hall Performing Arts Incorporated	441,940	453,940
Peterborough Rugby Union Football Club	258,678	286,453
Peterborough Youth Soccer Club	270,000	300,000
Kinsmen Minor Football League Inc.	40,000	45,000
	<b>1,597,697</b>	<b>1,795,824</b>

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%. The remaining loans with a value of \$346,000 (2013 - \$393,000) approved by Council to qualifying community groups have been made on an interest free basis.

### 8. 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:

1. Peterborough Utilities Services Inc.;
2. Peterborough Distribution Inc.;
3. Peterborough Utilities Inc., and its wholly owned subsidiaries:
  - Campbellford-Seymour Electricity Generation Inc., Lily Lake Solar Inc, Trent Energy Inc., LFG Power Corporation, London Street Power Corporation 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.

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

### For The Year Ended December 31, 2014

As stated in note 2, the City of Peterborough Holdings Inc. adopted IFRS during 2014 for the first time. As a result of the adoption of IFRS, certain 2013 figures have been restated from prior years.

The investment in Government Business Enterprise is comprised of the following investment in City of Peterborough Holdings Inc.:

	2014 \$	2013 \$ (Note 2)
Demand loan, bearing interest at 6.25%	-	23,440,528
Demand loan, bearing interest at 7.25%	-	2,508,677
Short term advances due on demand, bearing interest at prime less 1.25%	-	5,750,000
Investment in shares	60,098,410	28,399,205
	60,098,410	60,098,410
<b>Retained earnings:</b>		
Beginning balance	39,940,582	34,798,833
Net earnings	2,221,399	8,522,749
Less dividends	(3,482,000)	(3,381,000)
	38,679,981	39,940,582
	<b>98,778,391</b>	<b>100,038,992</b>

During 2014, City of Peterborough Holdings Inc. repaid demand loans of \$23,440,528, \$2,508,677 and short term advances of \$5,750,000 for a total of \$31,699,205 and in exchange issued 3,349 shares for a stated value of \$31,699,205. When combined with the existing investment in shares of \$28,399,205, the City has a total investment in shares of \$60,098,410.

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

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### Financial Position:

	2014 \$	2013 \$
Current assets	35,979,313	39,967,269
Capital and intangible assets	210,016,746	201,806,620
Regulatory assets	5,387,558	2,800,886
Deferred tax assets	4,411,247	4,302,120
<b>Total Assets</b>	<b>255,794,864</b>	<b>248,876,895</b>
Current liabilities	26,437,151	34,966,716
Notes payable	-	31,699,205
Other long term liabilities	123,362,364	106,208,797
Deferred tax liabilities	7,216,958	7,662,390
<b>Total liabilities</b>	<b>157,016,473</b>	<b>180,537,108</b>
<b>Shareholder's Equity</b>		
Capital stock	60,098,410	28,399,205
Accumulated other comprehensive income	(2,361,724)	(1,473,234)
Retained earnings	41,041,705	41,413,816
	98,778,391	68,339,787
<b>Total liabilities and Shareholder's Equity</b>	<b>255,794,864</b>	<b>248,876,895</b>

### Results of Operations:

	2014 \$	2013 \$
Revenues	139,417,404	132,469,211
Expenses	135,638,408	123,119,978
Net income before provision for corporate income taxes	3,778,996	9,349,233
Provision for corporate income taxes	668,002	1,369,352
<b>Income of government business enterprise</b>	<b>3,110,994</b>	<b>7,979,881</b>

During the year the City received dividends totalling \$3,482,000 (2013 - \$3,381,000) and interest totalling \$1,646,912 (2013 - \$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, 2014

### 9. Deferred Revenue

This figure is comprised of the following:

	2014 \$	2013 \$
Rents, user fees and service charges	1,150,538	1,123,595
Tickets, events and site deposits	739,946	954,921
Social and family services related	563,792	429,842
Government funding	455,087	422,010
	<b>2,909,363</b>	<b>2,930,368</b>

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

The solid waste landfill closure and post closure liability of \$4,626,208 (2013 - \$4,649,589) 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, 2014 is \$11,920,720 (2013 - \$12,023,130). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2013 - 2.25%), discounted at a rate of 5% (2013 - 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% (2013 - 100%) and at the NFA is 21% (2013 - 14%).

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, 2014

### 11. 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:

	2014 \$	2013 \$
Development Charges	6,287,402	6,686,627
Parkland	920,358	1,009,004
Building Code	277,739	255,198
Federal Gasoline Tax	8,301,465	9,391,194
Provincial Gasoline Tax	248,556	226,185
	<b>16,035,520</b>	<b>17,568,208</b>

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

	2014 \$	2013 \$
Balance – beginning of year	17,568,208	19,116,086
<b>Add amounts received:</b>		
Development charges received	3,173,178	4,592,258
Parkland fees and subdivider contributions	162,097	78,075
Building code permits and other revenues	1,426,004	1,424,584
Provincial gasoline tax	1,570,227	1,556,816
Federal gasoline tax	4,680,229	4,594,992
Investment income	238,386	241,180
	<b>11,250,121</b>	<b>12,487,905</b>
<b>Less amounts utilized:</b>		
Development charges earned	3,675,315	6,502,054
Parkland fees and subdivider contributions earned	262,000	937,200
Building code costs and expenses	1,403,463	1,399,622
Provincial and Federal gasoline tax earned	7,442,031	5,196,907
	<b>12,782,809</b>	<b>14,035,783</b>
Balance – end of year	<b>16,035,520</b>	<b>17,568,208</b>

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### 12. 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:

	2014 \$	2013 \$
Accrued benefit obligation, beginning of year	26,764,463	26,499,251
Current period benefit expense	1,262,862	981,905
Interest	943,209	923,576
Benefit payments	(1,660,330)	(1,640,269)
Accrued benefit obligation, end of year	27,310,204	26,764,463
Unamortized actuarial gain	3,214,520	3,581,833
<b>Employee benefits and other liabilities, end of year</b>	<b>30,524,724</b>	<b>30,346,296</b>

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimate. There was no change in the assumptions and related percentages from 2013 to 2014. The following represents the more significant assumptions made:

	Benefits Payable for Early Retirees	Life Insurance	Worker's Compensation	Sick Leave
Inflation rate	2%	2%	2%	2%
Level of salary increases	3%	3%	3%	3%
Interest discount rate	4.25%	4.25%	4.25%	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.

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### 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 \$2,792,060 (2013 - \$2,747,759) of which \$2,222,825 (2013 - \$2,207,239) does not need to be recovered in future periods.

## 13. 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 1.80% to 7.625% (2013 – 2.45% to 7.625%)

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

	2015 to 2019 \$	2020 to 2024 \$	2025 Onward \$	Total \$
From general revenues	49,928,659	35,577,947	9,984,175	95,490,781

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 \$3,922,714 (2013 - \$3,901,094).



# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### 14. Tangible Capital Assets

This figure is comprised of the following:

	Net Book Value	
	2014	2013
	\$	\$
<b>General</b>		
Land and land improvements	109,004,145	105,601,434
Buildings and leaseholds	110,605,215	106,502,897
Machinery and equipment	13,910,656	14,424,545
Vehicles	19,439,443	19,747,787
Books and materials	1,453,705	1,458,794
<b>Infrastructure</b>		
Land and land improvements	25,983,710	26,155,058
Buildings	21,360,750	21,793,797
Machinery & vehicles	1,201,840	1,530,941
Roadways and sidewalks	124,163,708	120,114,181
Storm sewer system	46,227,362	44,940,411
Wastewater system	64,221,652	49,015,600
Water system	82,991,965	81,979,345
	620,564,151	593,264,790
Assets under construction	24,597,618	17,924,711
<b>Total tangible capital assets</b>	<b>645,161,769</b>	<b>611,189,501</b>

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

During 2014 and 2013, 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 \$2,637,075 (2013 - \$922,780).

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

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Tangible capital assets by function are comprised of the following:

	Net Book Value	
	2014	2013
	\$	\$
General government	29,991,247	27,744,333
Protection to persons and property	17,868,894	17,556,034
Transportation services	187,870,574	183,238,033
Environmental services	230,713,699	213,297,240
Health services	409,386	472,024
Social and family services	10,341,461	11,070,591
Social housing	37,164,246	38,099,618
Recreation and cultural services	82,380,183	78,697,459
Planning and development	23,824,461	23,089,458
Assets under construction	24,597,618	17,924,711
Total tangible capital assets	<b>645,161,769</b>	<b>611,189,501</b>

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### 15. Accumulated Surplus

This figure is comprised of the following:

	2014 \$	2013 \$ (Note 2)
<b>Surplus/(Deficit) City of Peterborough</b>		
Operating surplus before consolidated entities	180,081	115,266
Unexpended financing	4,702,893	3,850,022
	4,882,974	3,965,288
<b>Consolidated Entities</b>		
Peterborough County-City Health Unit	49,528	59,586
The Village Business Improvement Area	31,689	28,495
Greater Peterborough Area Economic Development Corporation	43,195	7,041
Peterborough Downtown Business Improvement Area	87,658	50,482
Peterborough Utilities Commission	8,461,472	11,264,505
Peterborough Public Library Board	47,190	58,407
	8,720,732	11,468,516
<b>Unfunded amounts</b>		
Employee benefits	(28,301,899)	(28,139,058)
Solid waste landfill closure and post-closure	(4,626,208)	(4,649,589)
Accrued interest on long term debt	(896,900)	(890,824)
	(33,825,007)	(33,679,471)
<b>Inventory held for resale</b>	8,480,593	8,480,593
<b>Equity in government business enterprise (below)</b>	93,028,391	94,288,992
<b>Invested in Tangible Capital Assets</b>		
Tangible capital assets net book value	645,161,769	611,189,501
Unexpended capital financing	484,175	2,572,909
Long term debt	(95,490,781)	(93,954,232)
	550,155,163	519,808,178
<b>Reserve Funds and Reserves</b>		
Discretionary reserve funds	32,770,728	41,466,754
Reserves	78,311,362	75,864,954
	111,082,090	117,331,708
<b>Accumulated Surplus</b>	<b>742,524,936</b>	<b>721,663,804</b>

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

The equity in government business enterprise is comprised of the following:

	2014 \$	2013 \$ (Note 2)
Investment in government business enterprise (Note 8)	98,778,391	100,038,992
Short term advances due on demand, bearing interest at prime less 1.25%	-	(5,750,000)
Short term advances due on demand converted to shares	(5,750,000)	-
Equity in government business enterprise	<b>93,028,391</b>	<b>94,288,992</b>

### 16. 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 2014 \$ (Unaudited)	2014 \$	2013 \$
Salary, wages and employee benefits	101,911,841	102,096,492	97,567,078
Interest on long term debt	6,522,365	3,922,714	3,901,094
Materials	32,891,959	33,270,549	31,126,446
Contracted services	42,180,445	41,515,576	41,127,271
Rents and financial expenses	2,197,887	2,153,002	2,071,738
External transfers	51,256,061	50,352,432	50,481,823
Amortization	29,052,989	28,091,974	27,123,777
Loss/(gain) on disposal of tangible capital assets	-	697,459	(702,013)
	<b>266,013,547</b>	<b>262,100,198</b>	<b>252,697,214</b>

### 17. 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.

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### 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:

	2014		2013	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Financial assets	2,578,500	1,719,000	2,603,661	1,735,774
Liabilities	15,240,044	10,160,029	16,333,794	10,889,196
Net financial liabilities	(12,661,544)	(8,441,029)	(13,730,133)	(9,153,422)
Non-financial assets	15,404,873	10,269,915	16,491,018	10,994,012
Accumulated surplus	<b>2,743,329</b>	<b>1,828,886</b>	<b>2,760,885</b>	<b>1,840,590</b>

### Results of Operations:

	2014		2013	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Revenues	19,574,213	13,049,475	18,929,917	12,619,945
Expenses	19,591,769	13,061,179	18,829,955	12,553,303
Annual (deficit)/surplus	<b>(17,556)</b>	<b>(11,704)</b>	<b>99,962</b>	<b>66,642</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.

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### 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:

	2014		2013	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Financial assets	3,739,667	2,131,610	4,141,249	2,360,512
Liabilities	2,995,721	1,707,561	3,414,154	1,946,068
Net financial assets	743,946	424,049	727,095	414,444
Non-financial assets	760,849	433,684	895,780	510,595
Accumulated surplus	<b>1,504,795</b>	<b>857,733</b>	<b>1,622,875</b>	<b>925,039</b>

#### Results of Operations:

	2014		2013	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Revenues	12,271,791	6,994,921	12,313,017	7,018,420
Expenses	12,389,871	7,062,226	12,125,751	6,911,678
Annual (deficit)/surplus	<b>(118,080)</b>	<b>(67,305)</b>	<b>187,266</b>	<b>106,742</b>

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### 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:

	2014		2013	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Financial assets	522,921	313,753	414,988	248,992
Liabilities	407,092	244,255	366,599	219,959
Net financial assets	115,829	69,498	48,389	29,033
Non-financial assets	4,986	2,992	17,671	10,603
Accumulated surplus	<b>120,815</b>	<b>72,490</b>	<b>66,060</b>	<b>39,636</b>

#### Results of Operations:

	2014		2013	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Revenues	2,022,132	1,213,279	2,030,731	1,218,439
Expenses	1,967,377	1,180,426	1,932,333	1,159,400
Annual surplus	<b>54,755</b>	<b>32,853</b>	<b>98,398</b>	<b>59,039</b>

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

### 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 Peterborough of \$425,076 (2013 – \$(556,926)).

### Results of Operations:

	2014		2013	
	Total	City Portion	Total	City Portion
	\$	\$	\$	\$
Revenues	3,030,426	1,515,213	3,002,994	1,501,497
Expenses	3,323,104	1,661,552	3,293,584	1,646,792
Net expenses	(292,678)	(146,339)	(290,590)	(145,295)

## 18. 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 2014, the current service cost amounted to \$6,508,818 (2013 - \$6,332,353).

## 19. Trust Funds

Trust funds administered by the Corporation of the City of Peterborough amounting to \$391,050 (2013 - \$390,573) 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, 2014

### 20. 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.

### 21. 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
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
2019	2,657,801	-	2,657,801
Thereafter	18,688,503	-	18,688,503
Total minimum lease payments	31,549,407	2,094,176	33,643,583
Less: payments assumed by sub-lessee	11,827,564	-	11,827,564
	<b>19,721,843</b>	<b>2,094,176</b>	<b>21,816,019</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, 2014

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### **22. 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.

### **23. 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, 2014 is \$4,355,000 (2013 - \$4,518,000).

### **24. 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.

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

### For The Year Ended December 31, 2014

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Gross and net revenues for the year ended December 31, 2014, amounted to \$2,217,226 (2013 - \$2,381,341) and \$1,110,754 (2013 - \$1,339,096) 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 2014, the proportion based on weighted assessment for the City was 46.3% (2013 - 46.3%). Based on this percentage, the City's portion of Net Revenues was \$514,279 (2013 - \$620,001).

Included in the Statement of Financial Position is an amount due from/(to) the County of Peterborough of \$6,435 (2013 - \$(98,521)).

## **25. 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.

# **Corporation of the City of Peterborough**

## **Notes to the Consolidated Financial Statements**

**For The Year Ended December 31, 2014**

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### **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, and waste disposal and recycling.

### **Health Services**

The health services function consists of activities of the Peterborough County-City 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.

### **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.

# Corporation of the City of Peterborough

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2014

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### **26. Subsequent Events**

Subsequent to December 31, 2014, in the normal course of operations, Council Members of the City of Peterborough authorized the issue of debentures in an amount not to exceed \$23,623,100.

### **27. 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, 2014

	General					Infrastructure								
	Land and land Improvements	Buildings and leaseholds	Machinery and equipment	Vehicles	Books and materials	Land and land Improvements	Buildings	Machinery & Vehicles	Roadways and sidewalks	Storm sewer system	Wastewater System	Water System	Assets under Construction	Total \$
<b>COST</b>														
Balance, beginning of year	127,305,427	199,563,933	25,038,825	33,077,567	3,097,074	26,217,178	44,191,417	5,106,042	215,551,165	64,147,725	75,837,974	147,346,021	17,924,711	984,405,059
Add: Additions	287,557	90,039	87,200	-	402,627	-	495,241	-	-	-	-	5,285,698	56,276,841	62,925,203
Less: disposals and retirements	1,266,990	-	2,194,879	2,595,656	293,335	146,500	-	842,172	1,656,018	174,980	1,380,132	-	-	10,550,662
Interfund transfers	5,882,947	9,459,860	1,929,734	1,937,325	-	-	48,619	-	10,462,062	2,336,709	17,546,678	-	(49,603,934)	-
<b>BALANCE, end of year</b>	<b>132,208,941</b>	<b>209,113,832</b>	<b>24,860,880</b>	<b>32,419,236</b>	<b>3,206,366</b>	<b>26,070,678</b>	<b>44,735,277</b>	<b>4,263,870</b>	<b>224,357,209</b>	<b>66,309,454</b>	<b>92,004,520</b>	<b>152,631,719</b>	<b>24,597,618</b>	<b>1,036,779,600</b>
<b>ACCUMULATED AMORTIZATION</b>														
Balance, beginning of year	21,703,993	93,061,036	10,614,280	13,329,780	1,638,280	62,120	22,397,620	3,575,101	95,436,984	19,207,314	26,822,374	65,366,676	-	373,215,558
Add: Amortization	2,767,793	5,447,581	2,530,823	2,111,925	407,716	24,848	976,907	329,101	6,083,034	953,318	2,185,850	4,273,078	-	28,091,974
Less: disposals and retirements	1,266,990	-	2,194,879	2,461,912	293,335	-	-	842,172	1,326,517	78,540	1,225,356	-	-	9,689,701
<b>BALANCE, end of year</b>	<b>23,204,796</b>	<b>98,508,617</b>	<b>10,950,224</b>	<b>12,979,793</b>	<b>1,752,661</b>	<b>86,968</b>	<b>23,374,527</b>	<b>3,062,030</b>	<b>100,193,501</b>	<b>20,082,092</b>	<b>27,782,868</b>	<b>69,639,754</b>	<b>-</b>	<b>391,617,831</b>
<b>NET BOOK VALUE</b>	<b>109,004,145</b>	<b>110,605,215</b>	<b>13,910,656</b>	<b>19,439,443</b>	<b>1,453,705</b>	<b>25,983,710</b>	<b>21,360,750</b>	<b>1,201,840</b>	<b>124,163,708</b>	<b>46,227,362</b>	<b>64,221,652</b>	<b>82,991,965</b>	<b>24,597,618</b>	<b>645,161,769</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For The Year Ended December 31, 2014

	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	18,380,772	35,943,410	17,388,102	6,043,293	4,974,262	10,406,681	4,112,493	10,886,653	949,037	-	109,084,703
Taxation from other governments	488,606	955,465	462,219	160,646	132,228	276,635	109,320	289,394	25,228	-	2,899,741
User fees and service charges	520,677	1,017,136	8,293,108	34,524,581	433,816	5,668,717	5,607,117	9,193,951	278,591	-	65,537,694
Government grants and other municipalities	52,500	2,112,039	8,392,121	1,217,704	5,296,792	57,048,321	9,217,078	510,174	837,314	-	84,684,043
Development levies and contributions from developers	42,465	303	1,096,196	1,826,017	-	-	-	38,085	1,142,430	-	4,145,496
Licences, permits, royalties and rents	553,017	1,418,154	31,625	84,065	-	-	-	572,976	-	-	2,659,837
Fines and other charges	-	2,217,226	-	-	-	-	-	-	-	-	2,217,226
Penalties and interest on taxes	928,807	-	-	-	-	-	-	-	-	-	928,807
Investment income	659,524	1,289,693	623,906	452,069	202,687	393,667	224,048	397,084	34,065	-	4,276,743
Donations and contributed tangible capital assets	-	-	2,637,075	79,587	-	-	-	186,188	-	-	2,902,850
Other	77,401	-	-	751,502	127,148	-	344,196	-	102,544	-	1,402,791
Income from government business enterprise (Note 8)	-	-	-	-	-	-	-	-	-	2,221,399	2,221,399
<b>TOTAL REVENUES</b>	21,703,769	44,953,426	38,924,352	45,139,464	11,166,933	73,794,021	19,614,252	22,074,505	3,369,209	2,221,399	282,961,330
<b>EXPENSES</b>											
Salaries, wages and employee benefits	5,139,478	38,418,725	15,499,555	4,246,977	5,207,333	19,030,430	2,821,996	9,548,429	2,183,569	-	102,096,492
Interest on net long term debt	71,734	226,360	1,087,187	831,874	-	452,451	726,806	507,663	18,639	-	3,922,714
Materials	4,273,562	2,388,883	8,285,997	2,715,454	1,126,905	3,760,969	5,734,017	3,916,966	1,067,796	-	33,270,549
Contracted services	2,313,186	902,719	4,047,965	13,931,807	4,257,996	1,376,234	8,938,401	4,210,026	1,537,242	-	41,515,576
Rents and financial expenses	214,100	50,794	19,968	646,349	75,185	708,086	119,676	264,966	53,878	-	2,153,002
External transfers	344,615	1,581,510	-	-	526,882	44,578,335	1,624,915	1,682,732	13,443	-	50,352,432
Amortization	1,300,098	1,449,344	10,134,873	9,228,746	62,638	762,227	992,153	4,150,414	11,481	-	28,091,974
Loss/(gain) on disposal of tangible capital assets	-	(11,046)	310,790	251,215	-	-	-	-	146,500	-	697,459
Interfunctional transfers	(7,389,492)	3,320,844	(2,425,179)	1,901,684	363,460	1,970,022	207,549	1,874,168	176,944	-	-
<b>TOTAL EXPENSES</b>	6,267,281	48,328,133	36,961,156	33,754,106	11,620,399	72,638,754	21,165,513	26,155,364	5,209,492	-	262,100,198
<b>NET SURPLUS (DEFICIT)</b>	15,436,488	(3,374,707)	1,963,196	11,385,358	(453,466)	1,155,267	(1,551,261)	(4,080,859)	(1,840,283)	2,221,399	20,861,132

# 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	79,479	-	-	559,351	228,390	-	365,447	-	180,425	-	1,413,092
Income from government business enterprise (Note 8)	-	-	-	-	-	-	-	-	-	8,522,749	8,522,749
<b>TOTAL REVENUES</b>	20,233,425	43,157,478	34,429,707	42,163,100	11,490,424	68,724,703	20,033,945	25,698,284	3,072,850	8,522,749	277,526,665
<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	747,364	473,267	31,244	-	3,901,094
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>	6,096,010	45,872,536	33,523,398	34,064,743	11,849,067	69,997,832	21,238,213	26,128,038	3,927,377	-	252,697,214
<b>NET SURPLUS (DEFICIT)</b>	14,137,415	(2,715,058)	906,309	8,098,357	(358,643)	(1,273,129)	(1,204,268)	(429,754)	(854,527)	8,522,749	24,829,451



## **INDEPENDENT AUDITORS' REPORT**

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

#### *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, 2014, 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, 2014 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 29, 2015

# CORPORATION OF THE CITY OF PETERBOROUGH

## TRUST FUNDS STATEMENT OF CONTINUITY For The Year Ended December 31, 2014

	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 \$	2014 \$	2013 \$
<b>ACCUMULATED SURPLUS, beginning 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
<b>REVENUES</b>													
Deposits and grants	-	-	9,790	-	-	-	-	143,763	61,106	-	114,421	329,080	179,822
Transfer from Fairhaven	-	-	-	-	-	-	-	-	-	-	39,014	39,014	49,465
Interest earned	1,370	212	262	407	235	75	376	206	317	84	-	3,544	9,363
	1,370	212	10,052	407	235	75	376	143,969	61,423	84	153,435	371,638	238,650
<b>EXPENSES</b>													
Transfers to operations	-	-	-	-	230	-	-	-	-	-	-	230	231
Withdrawals, purchases	-	-	9,205	22,633	-	-	-	69,864	98,285	-	14,023	214,010	730,019
Residents maintenance	-	-	-	-	-	-	-	-	-	-	155,829	155,829	4,021
Donation	-	-	-	-	-	-	-	-	-	-	1,092	1,092	1,000
	-	-	9,205	22,633	230	-	-	69,864	98,285	-	170,944	371,161	735,271
<b>ACCUMULATED SURPLUS, end of year</b>	120,199	18,553	24,569	20,467	20,344	6,583	32,970	80,009	-	5,996	61,360	391,050	390,573

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2014

	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 \$	2014 \$	2013 \$
<b>FINANCIAL ASSETS</b>													
Cash	120,199	18,553	27,233	20,467	20,574	6,583	32,970	80,009	-	5,996	64,450	397,034	394,894
	120,199	18,553	27,233	20,467	20,574	6,583	32,970	80,009	-	5,996	64,450	397,034	394,894
<b>LIABILITIES AND ACCUMULATED SURPLUS</b>													
Accounts payable	-	-	2,664	-	230	-	-	-	-	-	-	2,894	2,129
Due to revenue fund	-	-	-	-	-	-	-	-	-	-	3,090	3,090	2,192
Accumulated surplus	120,199	18,553	24,569	20,467	20,344	6,583	32,970	80,009	-	5,996	61,360	391,050	390,573
<b>LIABILITIES AND ACCUMULATED SURPLUS</b>	120,199	18,553	27,233	20,467	20,574	6,583	32,970	80,009	-	5,996	64,450	397,034	394,894

# Corporation of the City of Peterborough

## Trust Funds - Note to the Financial Statements

For The Year Ended December 31, 2014

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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**

1. Sources of financing and expenses are reported on the accrual basis of accounting.
2. The accrual basis of accounting recognizes revenues as they become available and measureable. Expenses are recognized as they are incurred and measureable 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 values 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.