

# 2023

# Financial Report

Corporation of the City of Peterborough



**Peterborough City Hall**

**City of Peterborough**  
**2023 Financial Report**

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**THE CORPORATION OF THE  
CITY OF PETERBOROUGH**

**Treasurer's Report**

**December 31, 2023**



City of  
**Peterborough**

500 George Street North, Peterborough, ON K9H 3R9

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August 6, 2024

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

## **Treasurer's Report on the 2023 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, 2023. 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 development of the budget 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 fiscal year. Council approved the 2023 Capital and Operating Budget on January 30, 2023.

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 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 in the City's financial statements. 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. (CoPHI) 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 Public Health (57%)</li> <li>• Peterborough County-City Waste Management Facility (50%)</li> </ul>	<ul style="list-style-type: none"> <li>• City of Peterborough Holdings Inc.</li> </ul>

## **External Audit**

The financial statements have been audited by the City's external auditors, Baker Tilly KDN 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 of the local boards and agencies and reports have been rendered to their oversight bodies. The auditors are also responsible for advising management and the General 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 auditing requirements.

## **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 2023, the City recorded consolidated revenues of \$441 million (2022 - \$379 million).

A summary of the key revenue variances is shown in Chart 2.

**Chart 2 - Consolidated Revenues**

	2023		2022		Variance Increase (Decrease)
	\$	%	\$	%	\$
Property taxation	157,003,028	35.6%	148,125,168	39.0%	8,877,860
Taxation from other governments	3,934,624	0.9%	3,815,842	1.0%	118,782
User fees and service charges	80,132,710	18.2%	73,198,653	19.3%	6,934,057
Government grants and other municipalities	146,776,328	33.3%	121,408,396	32.0%	25,367,932
Developer levies and other contributions	5,781,486	1.3%	6,770,920	1.8%	(989,434)
Licenses, permits, royalties and rents	7,050,925	1.6%	5,130,188	1.4%	1,920,737
Fines and other charges	2,909,544	0.7%	2,380,660	0.6%	528,884
Penalties and interest on taxes	1,061,298	0.2%	789,256	0.2%	272,042
Investment income	8,535,683	1.9%	5,927,133	1.6%	2,608,550
Donations and contributed capital	13,107,177	3.0%	376,767	0.1%	12,730,410
Casino and gaming revenue	3,010,980	0.7%	2,655,458	0.7%	355,522
Income from government business enterprise	6,661,000	1.5%	5,216,000	1.4%	1,445,000
Gain/(loss) on disposal of tangible capital asset	1,803,526	0.4%	(42,278)	0.0%	1,845,804
Other	3,420,606	0.8%	3,580,081	0.9%	(159,475)
<b>Total Consolidated Revenues</b>	<b>441,188,915</b>	<b>100.1%</b>	<b>379,332,244</b>	<b>100.0%</b>	<b>61,856,671</b>

Revenues increased \$61.8 million due to several factors:

- The net property taxation levy was \$8.8 million higher than the previous year. The approved tax increase was 3.15% which equated to \$6.6 million. Taxes in the amount of \$1.5 million which were previously written off were recovered through the tax sale of a property during 2023. In-year assessment changes by MPAC resulting in increased supplementary assessment changes and write-offs netted to an additional \$0.7 million.
- User fees and service charges increased by \$6.9 million over the previous year due to increased user fees approved with the 2023 budget and increased user activity for various services, such as transit ridership, as recovery after the pandemic continued.
- Government grants increased by \$25.3 million. This increased revenue includes an increase in funding from the County for the shared Social Services, \$10 million increase from the province for the continued implementation of the \$10/day parent fee for child care program, CWELCC; \$6.9 million in provincial

OCIF funding for roads projects, and \$5 million in funding from the Low Carbon Economy Fund for the new organics facility.

- Licenses, permits, royalties and rents increased by \$1.9 million due in part to increased permit and license fees approved with the 2023 budget, including parking permits, tree removal permits and building permits. This also includes increased concession, lease and event revenues from Recreation facilities which were higher than 2022 though they did not meet budgeted levels for 2023.
- Investment income increased by \$2.6 million as market interest rates increased throughout 2023.
- Donations and contributed capital increased by \$12.7 million, which includes \$12.3 million for the recognition of a subdivision that was assumed by the City during 2023, and a contribution of \$250,000 from the Library board towards the Miskin Law Community Complex project.
- Income from government business enterprise increased by \$1.4 million due to an additional one-time dividend received from CoPHI.
- Gain on disposal of tangible capital assets was \$1.8 million higher due to the sale of City owned properties deemed surplus, including the De La Fosse Library branch.

Consolidated expenses totaled \$392 million (2022 - \$358.7 million).

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

### Chart 3 - Consolidated Expenses

	2023		2022		Variance Increase (Decrease)
	\$	%	\$	%	\$
General government	34,051,395	8.7%	36,724,821	10.2%	(2,673,426)
Protection services	62,834,900	16.0%	58,316,000	16.3%	4,518,900
Transportation services	53,096,456	13.5%	51,692,735	14.4%	1,403,721
Environmental services	50,145,674	12.8%	43,180,062	12.0%	6,965,612
Health services	17,220,427	4.4%	16,396,510	4.6%	823,917
Social and family services	94,345,063	24.1%	88,191,339	24.6%	6,153,724
Social housing	33,702,667	8.6%	28,042,370	7.8%	5,660,297
Recreation and cultural services	33,805,710	8.6%	29,182,342	8.1%	4,623,368
Planning and development	8,194,144	2.1%	6,929,689	2.0%	1,264,455
Landfill adjustment - change in standards	4,657,181	1.2%	-	0.0%	4,657,181
Total Consolidated Expenses	392,053,617	100.0%	358,655,868	100.0%	33,397,749

Total operating expenses increased by \$33.4 million. There were increases in many operational costs during 2023 due to rising inflation, especially for fuel, parts and supplies for fleet. General Government expenses in 2022 included costs of \$3.4 million related to the May 2022 windstorm, which did not recur in 2023 contributing to the decrease in expenses in this area. Environmental Services costs includes increases for the new organics facility and curbside collection of organics materials which began in 2023. Social and family services expenses increased as provincial funding for the implementation of the CWELCC program continues and the funding is flowed through the City to day care providers. The \$4.6 million expense for Landfill adjustment is a result of a change in accounting standard for Asset Retirement Obligations that was implemented in 2023. See Note 2 of the Consolidated Financial Statements for more information about this accounting standard.

Under current reporting standards, the City has an annual amortization charge of \$41.8 million (2022 - \$38 million). The 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 \$120.5 million (2022 - \$89.8 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 \$7.5 million (2022 - \$62.3 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 \$54.7 million in the net financial asset position resulted primarily from revenues being in excess of operating expenses by \$49.1 million and amortization of tangible capital assets of \$41.8 million to finance the acquisition of tangible capital assets totaling \$120.5 million.

For the 2023 year-end, new accounting standards were implemented which resulted in a reduction in the Net Financial Assets of the City of \$19.3 million. This adjustment includes \$9.9 million representing the accumulated remeasurement of unrealized gains on the City's investments that were previously recorded at cost, and a \$9.3 million adjustment in recognition of asset retirement obligations. For more details about the changes in accounting policies for 2023 refer to Note 2 on pages 13 and 14 of the Consolidated Financial Statements.

The accumulated surplus of \$1.074 million (2022 - \$1.025 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. The accumulated surplus under the current reporting model 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**

	2023	2022
	\$	\$
<b>Surplus (Deficit)</b>		
Operating surplus	-	102,406
Unexpended financing	7,694,214	7,273,357
	7,694,214	7,375,763
<b>Consolidated Entities</b>		
Peterborough Public Health	(11,835)	138,598
The Village Business Improvement Area	10,056	(202)
Peterborough Downtown Business Improvement Area	82,068	181,960
Peterborough Utilities Commission	13,848,072	16,300,379
	13,928,361	16,620,735
<b>Unfunded amounts</b>		
Unfunded employee future benefits	(42,921,876)	(38,403,419)
Unfunded landfill closure and post-closure costs	-	(20,726,360)
Accrued interest on long term debt	(1,198,070)	(914,511)
	(44,119,946)	(60,044,290)
<b>Equity in GBE</b>	65,616,092	66,174,092
<b>Invested in Capital Assets</b>		
Tangible capital assets - net book value	1,058,695,303	959,536,224
Short and long term debt	(162,350,479)	(149,598,411)
Unfunded capital	(43,283,455)	(32,576,745)
Unfunded asset retirement obligation	(36,571,267)	-
	816,490,102	777,361,068
<b>Reserve Funds and Reserves</b>		
Discretionary reserve funds	47,592,776	52,670,663
Reserves	167,237,351	165,145,621
	214,830,127	217,816,284
	1,074,438,950	1,025,303,652

**Conclusion**

The level of capital spending throughout 2023 increased over prior years at \$119.8 million (2022 - \$89.8 million), 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.

The City of Peterborough continues to aim for balance between levels of service to residents and the affordability of property taxes for ratepayers. However rising costs

and demands for services places a significant pressure on the financial resources of the City.

Submitted by,

Richard Freymond  
Treasurer



**THE CORPORATION OF THE  
CITY OF PETERBOROUGH**

**Five Year Review**

**December 31, 2023**

# City of Peterborough

## Five-Year Review

(All dollar values in thousands except per capita figures)

	2023	2022	2021	2020	2019
<b>CURRENT PROGRAM ACTIVITY</b>					
<b>Consolidated Revenues</b>					
Taxation	157,003	148,125	142,427	135,467	132,592
Taxation from other governments	3,935	3,816	3,749	3,748	3,511
Fees and service charges	80,133	73,199	66,197	63,992	76,610
Government grants and other Municipalities	146,776	121,408	128,720	125,304	110,982
Development levies	5,781	6,771	6,549	3,928	5,316
Investment and other revenue	47,561	26,013	23,141	49,254	23,713
	441,189	379,332	370,783	381,693	352,724
<b>Expenses</b>	395,758	358,656	327,280	311,415	321,020
<b>Growth in accumulated surplus</b>	45,431	20,676	43,503	70,278	31,704
<b>NET LONG TERM LIABILITIES</b>					
For general municipal activities	147,468	111,854	98,010	112,625	119,573
For municipal enterprises	3,838	1,195	1,369	1,643	1,917
	151,306	113,049	99,379	114,268	121,490
General municipal activities - net long term liabilities as % of CVA	1.5%	1.1%	1.0%	1.2%	1.3%
<b>CURRENT CHARGES FOR NET LONG TERM LIABILITIES</b>					
General municipal activities and for municipal enterprise	21,991	17,204	27,566	19,273	19,454
<b>CURRENT VALUE ASSESSMENT (CVA) - TAXABLE</b>					
Residential and farm	8,489,616	8,382,924	8,309,232	8,353,183	7,986,800
Commercial and industrial	1,367,234	1,364,251	1,380,464	1,392,953	1,382,328
	9,856,849	9,747,175	9,689,696	9,746,136	9,369,128
Percentage increase from previous year	1.13%	0.59%	-0.58%	4.02%	4.71%
Commercial / industrial CVA as percentage of total	13.9%	14.0%	14.2%	14.3%	14.8%

# City of Peterborough

## Five-Year Review

(All dollar values in thousands except per capita figures)

	2023	2022	2021	2020	2019
<b>VALUE OF BUILDING PERMITS ISSUED</b>					
Residential	98,468	123,470	198,736	84,470	62,537
Commercial	12,443	14,386	14,842	14,842	9,985
Industrial	2,670	40	27,428	27,428	8,783
Institutional	76,255	74,000	26,522	26,523	78,009
	189,836	211,896	267,528	153,263	159,314
Percentage increase (decrease) from previous year	-10.4%	-20.8%	74.6%	-3.8%	-14.9%
<b>TAX LEVY AND ARREARS</b>					
<b>Tax levy</b>					
Current year's tax levy - municipal and education combined	179,219	172,383	167,001	167,125	165,084
Percentage increase over previous year	4.0%	3.2%	-0.1%	1.2%	3.5%
<b>Tax arrears</b>					
Total arrears (excluding Allowance for Doubtful Accounts)	4,470	1,139	3,226	4,531	4,221
Percentage increase (decrease) over previous year	292.5%	-64.7%	-28.8%	7.3%	-3.1%
Tax arrears as a percentage of current tax levy	2.5%	0.7%	1.9%	2.7%	2.6%
<b>POPULATION &amp; SIZE</b>					
Estimated Population (2021 Census)	83,651	83,651	82,094	82,094	82,094
Area in acres	16,639	16,639	16,639	16,639	16,639
<b>PER CAPITA INFORMATION</b>					
CVA - Taxable	117,833	116,522	118,032	118,719	114,127
Expenses	4,731	4,288	3,987	3,793	3,910
Net long-term debt for general municipal activities and municipal enterprise	1,809	1,351	1,211	1,392	1,480
Tax arrears	53	14	39	55	51

# City of Peterborough

## Five-Year Review

(All dollar values in thousands except per capita figures)

	2023	2022	2021	2020	2019
<b>RATES OF TAXATION</b>					
<b>Municipal tax rates</b>					
Residential	1.3846560%	1.3384440%	1.2952450%	1.2486790%	1.2497420%
Multi-residential	2.6962160%	2.6062320%	2.5221140%	2.4314400%	2.4335100%
New Multi-residential	1.3846560%	1.3384440%	1.2952450%	1.2486790%	1.2497420%
Commercial	2.0769840%	2.0076660%	1.9428680%	1.8730190%	1.8996390%
Commercial Vacant	2.0769840%	2.0076660%	1.9428680%	1.3111300%	1.3297470%
Industrial	2.0769840%	2.0076660%	1.9428680%	1.9586780%	2.0460780%
Industrial Vacant	2.0769840%	2.0076660%	1.9428680%	1.2731410%	1.3299510%
Pipeline	1.7593440%	1.7006270%	1.6457380%	1.5865720%	1.5879220%
Farmlands	0.3461640%	0.3346110%	0.3238110%	0.3121700%	0.3124360%
<b>Education tax rates</b>					
Residential	0.1530000%	0.1530000%	0.1530000%	0.1530000%	0.1610000%
Multi-residential	0.1530000%	0.1530000%	0.1530000%	0.1530000%	0.1610000%
New Multi-residential	0.1530000%	0.1530000%	0.1530000%	0.1530000%	0.1610000%
Commercial	0.8800000%	0.8800000%	0.8800000%	1.2500000%	1.2900000%
Commercial Vacant	0.8800000%	0.8800000%	0.8800000%	1.2500000%	1.0965000%
Industrial	0.8800000%	0.8800000%	0.8800000%	1.2500000%	1.2900000%
Industrial Vacant	0.8800000%	0.8800000%	0.8800000%	1.2500000%	1.0642500%
Pipeline	0.8800000%	0.8800000%	0.8800000%	0.9800000%	1.0300000%
Farmlands	0.0382500%	0.0382500%	0.0382500%	0.0382500%	0.0402500%
<b>Combined municipal and education tax rates</b>					
Residential	1.5376560%	1.4914440%	1.4482450%	1.4016790%	1.4107420%
Multi-residential	2.8492160%	2.7592320%	2.6751140%	2.5844400%	2.5945100%
New Multi-residential	1.5376560%	1.4914440%	1.4482450%	1.4016790%	1.4107420%
Commercial	2.9569840%	2.8876660%	2.8228680%	3.1230190%	3.1896390%
Commercial Vacant	2.9569840%	2.8876660%	2.8228680%	2.5611300%	2.4262470%
Industrial	2.9569840%	2.8876660%	2.8228680%	3.2086780%	3.3360780%
Industrial Vacant	2.9569840%	2.8876660%	2.8228680%	2.5231410%	2.3942010%
Pipeline	2.6393440%	2.5806270%	2.5257380%	2.5665720%	2.6179220%
Farmlands	0.3844140%	0.3728610%	0.3620610%	0.3504200%	0.3526860%

**THE CORPORATION OF THE  
CITY OF PETERBOROUGH**

**Consolidated Financial Report**

**December 31, 2023**

**CORPORATION OF THE CITY OF PETERBOROUGH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**CORPORATION OF THE CITY OF PETERBOROUGH**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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## CORPORATION OF THE CITY OF PETERBOROUGH

**For The Year Ended December 31, 2023**

### MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the City of Peterborough are the responsibility of management and have been approved 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.

The City's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the City's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the City of Peterborough. Council meets periodically with management, as well as the external auditor, 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 financial statements and the independent auditor's report.

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

Mayor

Date: August 12, 2024

Chief Administrative Officer

Date: August 12, 2024

Treasurer

Date: August 12, 2024





## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the consolidated financial statements of the Corporation of the City of Peterborough and its local boards (the City), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets/(net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 12, 2024

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 4)	132,709,975	99,401,024
Taxes receivable (note 5)	6,740,482	5,036,837
Accounts receivable (note 6)	52,589,213	60,637,952
Inventory held for resale	9,299	15,357
Investments (note 7)	129,699,835	158,881,795
Other receivables (note 8)	2,327,292	2,394,640
Investment in Government Business Enterprise (GBE) (note 11)	65,616,092	66,174,092
<b>TOTAL FINANCIAL ASSETS</b>	<b>389,692,188</b>	<b>392,541,697</b>
<b>LIABILITIES</b>		
Short term debt (note 3)	-	24,433,000
Accounts payable and accrued liabilities	64,673,840	58,552,034
Deferred revenue (note 9)	31,930,938	15,874,540
Deferred revenue - obligatory reserve funds (note 12)	40,270,304	43,869,594
Long term debt (note 13)	162,350,479	125,165,411
Solid waste landfill closure and post-closure	-	20,726,360
Asset retirement obligation (ARO) (note 14)	80,681,218	-
Employee future benefits (note 15)	46,330,011	41,653,144
<b>TOTAL LIABILITIES</b>	<b>426,236,790</b>	<b>330,274,083</b>
<b>NET FINANCIAL ASSETS/(NET DEBT)</b>	<b>(36,544,602)</b>	<b>62,267,614</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (TCA) (note 17)	1,099,026,827	959,536,224
Prepaid expenses	2,388,860	2,005,330
Inventory of supplies	1,881,135	1,494,484
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>1,103,296,822</b>	<b>963,036,038</b>
	<b>1,066,752,220</b>	<b>1,025,303,652</b>
<b>Comprised of:</b>		
Accumulated surplus (note 16)	1,070,734,665	1,025,303,652
Accumulated remeasurement losses	(3,982,445)	-
	<b>1,066,752,220</b>	<b>1,025,303,652</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 (Unaudited)\$	Actual 2023 \$	Actual 2022 \$
<b>REVENUES</b>			
Property taxation	154,233,882	157,003,028	148,125,168
Taxation from other governments	4,243,400	3,934,624	3,815,842
User fees and service charges	83,024,361	80,132,710	73,198,653
Government grants and other municipalities	163,648,158	146,776,328	121,408,396
Developer levies and other ontributions	6,759,029	5,781,486	6,770,920
Licenses, permits, royalties and rents	5,265,795	7,050,925	5,130,188
Fines and other charges	2,597,000	2,909,544	2,380,660
Penalties and interest on taxes	750,000	1,061,298	789,256
Investment income	5,126,156	8,535,683	5,927,133
Donations and contributed capital	498,486	13,107,177	376,767
Casino and gaming revenue	3,000,000	3,010,980	2,655,458
Income from GBE (note 11)	7,008,000	6,661,000	5,216,000
Gain/(loss) on disposal of TCA	-	1,803,526	(42,278)
Other	2,538,149	3,420,606	3,580,081
<b>TOTAL REVENUES</b>	<b>438,692,416</b>	<b>441,188,915</b>	<b>379,332,244</b>
<b>EXPENSES</b>			
General government	21,174,799	34,051,395	36,724,821
Protection services	63,162,502	62,834,900	58,316,000
Transportation services	51,704,522	53,096,456	51,692,735
Environmental services	50,635,054	50,145,674	43,180,062
Health services	17,740,149	17,220,427	16,396,510
Social and family services	98,426,089	94,345,063	88,191,339
Social housing	34,118,209	37,481,094	28,042,370
Recreation and cultural services	30,792,143	33,731,568	29,182,342
Planning and development	9,765,479	8,194,144	6,929,689
Landfill adjustment - change in standards	-	4,657,181	-
<b>TOTAL EXPENSES</b>	<b>377,518,946</b>	<b>395,757,902</b>	<b>358,655,868</b>
<b>ANNUAL SURPLUS</b>	<b><u>61,173,470</u></b>	<b>45,431,013</b>	<b>20,676,376</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>1,025,303,652</b>	<b>1,004,627,276</b>
<b>ADJUSTMENT ON ADOPTION OF ARO</b>	<b>-</b>	<b>9,290,360</b>	<b>-</b>
<b>ACCUMULATED SURPLUS - beginning of year, as restated</b>		<b>1,034,594,012</b>	<b>1,004,627,276</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>1,070,734,665</b>	<b>1,025,303,652</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2023

	Actual 2023 \$	Actual 2022 \$
<b>ACCUMULATED REMEASUREMENT GAINS AND LOSSES</b>		
- beginning of year	-	-
Adjustment on adoption of the financial instruments standard	(9,982,779)	-
Unrealized gains attributable to:		
Portfolio investments - Bonds	3,357,490	-
Portfolio investments - Mutual funds	2,642,844	-
Net change in remeasurement gains (losses) for the year	6,000,334	-
<b>ACCUMULATED REMEASUREMENT GAINS AND LOSSES</b>		
- end of year	(3,982,445)	-

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT) For the Year Ended December 31, 2023

	Budget 2023 \$	Actual 2023 \$	Actual 2022 \$
<b>ANNUAL SURPLUS</b>	61,173,470	45,431,013	20,676,376
Amortization of tangible capital assets	38,519,074	43,923,224	38,043,262
Acquisition of tangible capital assets	(164,956,347)	(120,528,216)	(89,812,020)
Loss/(gain) on disposal of tangible capital assets	-	(1,803,526)	42,278
Proceeds on sale of tangible capital assets	1,000,000	3,055,032	1,173,656
Contributed capital assets	-	(12,332,871)	-
Change in prepaid expenses	-	(383,530)	(1,079,493)
Change in inventory of supplies	-	(386,651)	(247,542)
<b>CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)</b>	<b>(64,263,803)</b>	<b>(43,025,525)</b>	<b>(31,203,483)</b>
<b>NET FINANCIAL ASSETS - beginning of year</b>	62,267,614	62,267,614	93,471,097
<b>ADJUSTMENT ON ADOPTION OF THE ARO STANDARD (note 2)</b>	-	(51,804,246)	-
<b>ADJUSTMENT ON ADOPTION OF THE FINANCIAL INSTRUMENTS STANDARD (note 2)</b>	-	(9,982,779)	-
<b>NET FINANCIAL ASSETS - beginning of year, as restated</b>	62,267,614	480,589	93,471,097
<b>INCREASE IN ACCUMULATED REMEASUREMENT GAINS</b>	-	6,000,334	-
<b>NET FINANCIAL ASSETS/(NET DEBT) - end of year</b>	<b>(1,996,189)</b>	<b>(36,544,602)</b>	<b>62,267,614</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023 \$	2022 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	45,431,013	20,676,376
Items not involving cash		
Amortization of tangible capital assets	43,923,224	38,043,262
Loss/(gain) on disposal of tangible capital assets	(1,803,526)	42,278
Contributed capital assets	(12,332,871)	-
Income from government business enterprise	(6,661,000)	(5,216,000)
Accretion expense	3,493,431	-
Change in solid waste landfill closure and post-closure	(20,726,360)	824,337
Change in asset retirement obligation for closed sites	25,383,541	-
Change in employee future benefits	4,676,867	5,152,762
Change in non-cash assets and liabilities (note 20)	24,227,233	18,302,746
<b>Net change in cash from operating activities</b>	<b>105,611,552</b>	<b>77,825,761</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(120,528,216)	(89,812,020)
Proceeds on disposal of tangible capital assets	3,055,032	1,173,656
<b>Net change in cash from capital activities</b>	<b>(117,473,184)</b>	<b>(88,638,364)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds of portfolio investments	60,356,182	43,765,009
Purchase of portfolio investments	(35,156,667)	(66,077,119)
Dividends received/receivable from GBE	7,219,000	5,312,000
<b>Net change in cash from investing activities</b>	<b>32,418,515</b>	<b>(17,000,110)</b>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	54,321,100	28,345,911
Long term debt principal repayments	(17,136,032)	(15,732,676)
Short term debt issued	-	5,504,000
Short term debt principal repayments	(24,433,000)	(5,100,000)
<b>Net change in cash from financing activities</b>	<b>12,752,068</b>	<b>13,017,235</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>33,308,951</b>	<b>(14,795,478)</b>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<b>99,401,024</b>	<b>114,196,502</b>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<b>132,709,975</b>	<b>99,401,024</b>

The accompanying notes are an integral part of these financial statements



# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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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 City and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the City. 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 City's overall future revenue requirements and its ability to finance activities and meet its obligations.

#### (a) 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:

- Peterborough Public Library Board
- Peterborough Downtown Business Improvement Area
- The Village Business Improvement Area
- Peterborough Housing Corporation
- 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 consolidated financial statements. These include:

- Fairhaven 2023 - 66.67% (2022 - 66.67%)
- Peterborough Public Health 2023 - 57% (2022 - 57%)
- Peterborough County-City Waste Management Facility 2023 - 50% (2022 - 50%)

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

# CORPORATION OF THE CITY OF PETERBOROUGH

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

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## 1. SIGNIFICANT ACCOUNTING POLICIES, continued

### (a) Reporting Entity, continued

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.

### (b) Recognition of Revenues 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.

#### 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.

#### 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

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (b) Recognition of Revenues and Expenses, continued

##### 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. By their nature, these funds are restricted in their use and until applied to applicable qualifying projects are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are earned. (see note 12).

##### 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 balance.

##### User Fees and Service Charges

User fees and service charges are recognized in the period in which the revenue relates.

##### Casino and Gaming Revenue

Casino and Gaming revenue is recognized in the period in which the events giving rise to the transfer took place, provided the transfer is authorized, eligibility requirements, if any, have been met, and a reasonable estimate of the amount can be made.

#### (c) Forgivable Loans

Forgivable loans are granted by the City based on specific criteria and funding agreements. These forgivable loans are not included in the financial statements as repayment criteria are exceedingly rare. Revenue is recognized when the loan is issued and an amount equal to the loan amount expensed when the loan is granted.

#### (d) Deferred Revenue

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

# CORPORATION OF THE CITY OF PETERBOROUGH

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

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## 1. SIGNIFICANT ACCOUNTING POLICIES, continued

### (e) 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. With the exception of the Peterborough Utilities Commission that uses the declining balance basis at a rate of 5% per annum, 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, as follows:

Land improvements	10-50 years
Land improvements - landfill	expected life of landfill
Buildings and leaseholds	10-60 years
Vehicles, machinery and equipment	2-30 years
Books and materials	4-7 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.

### (f) 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.

### (g) 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.

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (h) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash and temporary investments:	
Cash	Amortized Cost
High interest savings	Amortized Cost
Taxes receivable	Amortized Cost
Accounts receivable	Amortized Cost
Investments:	
Guaranteed investment certificates	Amortized Cost
Bonds	Fair Value
Mutual funds	Fair Value
Principal protected notes	Fair Value
Other receivables	Amortized Cost
Short term debt	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

**Fair value category:** The City manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

**Amortized cost category:** Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

# CORPORATION OF THE CITY OF PETERBOROUGH

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

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## 1. SIGNIFICANT ACCOUNTING POLICIES, continued

### (h) Financial Instruments, continued

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

### (i) 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 benefit 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

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (j) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards 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 judgments (often as a result of matters that are inherently uncertain) include, among others, allowance for uncollectible taxes and other receivables, accounts payable and other accruals, employee future benefits and useful lives of tangible capital assets and amortization. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

In addition, the City's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

#### (k) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the City has also been recognized based on estimated future expenses for remediation or disposal.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in (e).



# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 2. CHANGES IN ACCOUNTING POLICIES

The City has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the City's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the City's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

In accordance with the provisions of PS 3041 and PS 3450, the City reflected the following adjustments at January 1, 2023:

- A decrease of \$9,982,779 to net surplus and an decrease of \$9,982,779 to accumulated remeasurement gains/(losses) due to the unrealized loss of the City's investments previously recorded at cost.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.



# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 2. CHANGES IN ACCOUNTING POLICIES, continued

In accordance with the provisions of this new standard, the City reflected the following adjustments at January 1, 2023:

#### Landfill Obligation

- A decrease of \$20,726,360 to landfill closure and post-closure liability to remove the liability recognized to December 31, 2022 under the old standard.
- An increase of \$32,796,404 to opening asset retirement obligation liability representing all landfill sites either open or closed.
- An increase of \$7,412,863 to landfill tangible capital asset account representing the opening asset retirement obligation for landfills still in productive use.

#### Asbestos Obligation

- An increase of \$44,391,382 to the tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.

### 3. SHORT TERM DEBT

From 2017 to 2022, the City of Peterborough obtained short term advances from Infrastructure Ontario at a variable interest rate. The balance outstanding as at December 31, 2022 is \$Nil (2022 - \$24,433,000).

### 4. CASH AND TEMPORARY INVESTMENTS

This figure is comprised of the following:

	2023	2022
	\$	\$
Petty cash and cash floats	50,370	54,114
High interest savings	30,393,862	29,664,646
Unrestricted cash	92,453,928	57,231,999
Restricted cash	9,811,815	12,450,265
	132,709,975	99,401,024

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 5. TAXES RECEIVABLE

This figure is comprised of the following:

	2023	2022
	\$	\$
Current year's levies	4,973,984	3,493,028
Previous year's levies	1,202,834	925,325
Prior year's levies	357,180	1,420,954
Penalties and interest	465,824	1,734,089
	6,999,822	7,573,396
Allowance for uncollectible taxes	(259,340)	(2,536,559)
	6,740,482	5,036,837

### 6. ACCOUNTS RECEIVABLE

This figure is comprised of the following:

	2023	2022
	\$	\$
Government of Canada	13,552,372	13,352,966
Government of Ontario	12,350,063	8,060,322
Other municipalities and school boards	1,439,890	696,436
User charges and other receivables	25,246,888	38,528,228
	52,589,213	60,637,952

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 7. INVESTMENTS

On January 1, 2023, the City adopted PS3041 and PS3450 (see note 2). In 2022, all investments were recorded at cost. Investments are comprised of the following:

	2023	2022
	\$	\$
<b>Amortized Cost</b>		
Guaranteed investment certificates	30,491,744	55,478,794
Bonds	-	54,763,763
Mutual funds	-	43,955,132
Principal protected notes	-	5,000,000
High interest savings	30,393,862	29,348,701
Portfolio Investments - Shares no active market	51	51
	60,885,657	188,546,441
<b>Fair Value</b>		
Bonds	45,247,592	-
Mutual funds	43,960,448	-
Principal protected notes	10,000,000	-
	99,208,040	-
	160,093,697	188,546,441

Breakdown on Consolidated Statement of Financial Position:

	2023	2022
	\$	\$
Short term amounts included in cash and temporary investments	30,393,862	29,664,646
Long term shown as investments	129,699,835	158,881,795
	160,093,697	188,546,441

Accrued interest on guaranteed investment certificates is recorded in accounts receivable.

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 8. OTHER RECEIVABLES

This figure is comprised of the following:

	2023 \$	2022 \$
Peterborough Lawn Bowling Club	-	145,000
Market Hall Performing Arts Incorporated	387,592	389,940
Peterborough Youth Soccer Club	30,000	60,000
Kinsmen Minor Football League Inc.	-	10,000
Peterborough Baseball Association	90,000	90,000
Peterborough Recreational Baseball Association	25,000	25,000
Greater Peterborough Innovation Cluster	100,000	100,000
Peterborough Lakers	120,000	-
Canadian Canoe Museum	1,574,700	1,574,700
	2,327,292	2,394,640

The interest rate on the Market Hall Performing Arts Incorporated loan is prime less 0.25%. The interest rate on the Canadian Canoe Museum loan is fixed at 2%. The remaining loans with a value of \$365,000 (2022 - \$430,000) approved by Council to qualifying community groups have been made on an interest free basis.

### 9. DEFERRED REVENUE

This figure is comprised of the following:

	2023 \$	2022 \$
Rents, user fees and service charges	5,283,956	5,423,023
Tickets, events and site deposits	808,698	977,282
Government funding	8,525,519	9,474,235
CMHC funding	17,312,765	-
	31,930,938	15,874,540

### 10. TRANSFER TO THE SCHOOL BOARDS

During 2023, the City made property tax transfers to the School Boards. The amounts collected and remitted amounted to \$25,492,631 (2022 - \$25,384,963). These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

# CORPORATION OF THE CITY OF PETERBOROUGH

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

## 11. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

### City of Peterborough Holdings Inc.

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

- Peterborough Utilities Services Inc.;
- PUG Services Corp.;
- 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, Trent Rapids Power Corporation, Peterborough Utilities Solar Inc., Peterborough Utilities Hydro Inc., Meter Services Peterborough Inc., and Peterborough Utilities Hydro 24 Inc.; and
- Peterborough Solar Projects Corporation.

All of the above companies, with the exception of Peterborough Solar Projects Corporation (49% owned by the Company) are wholly owned by the City of Peterborough Holdings Inc., which, in turn, is wholly owned by the Corporation of the City of Peterborough. The City of Peterborough owns 51% of Peterborough Solar Projects Corporation.

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

	2023 \$	2022 \$
Investment in shares	34,258,092	34,258,092
<b>Retained earnings</b>		
Beginning balance	31,916,000	32,012,000
Net earnings	6,661,000	5,216,000
Less dividends	(7,219,000)	(5,312,000)
	31,358,000	31,916,000
	65,616,092	66,174,092

# CORPORATION OF THE CITY OF PETERBOROUGH

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

## 11. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE, continued

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

### Financial Position:

	2023 \$	2022 \$
<b>Assets</b>		
Current assets	39,217,000	38,083,000
Capital and intangible assets	150,815,000	156,860,000
Deferred tax assets	4,002,000	4,221,000
<b>Total Assets</b>	<b>194,034,000</b>	<b>199,164,000</b>
<b>Liabilities</b>		
Current liabilities	15,448,000	13,552,000
Other long term liabilities	93,172,000	101,997,000
Deferred tax liabilities	19,798,000	19,241,000
<b>Total Liabilities</b>	<b>128,418,000</b>	<b>134,790,000</b>
<b>Shareholder's Equity</b>		
Share capital	34,258,000	34,258,000
Accumulated other comprehensive loss	(1,542,000)	(2,309,000)
Retained earnings	32,900,000	32,425,000
<b>Total Shareholder's Equity</b>	<b>65,616,000</b>	<b>64,374,000</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>194,034,000</b>	<b>199,164,000</b>

### Results of Operations:

	2023 \$	2022 \$
Revenues	47,740,000	44,930,000
Expenses	39,859,000	37,272,000
Total net Income before provision for corporate income taxes	7,881,000	7,658,000
Provision for corporate income taxes	1,987,000	1,887,000
<b>Income of government business enterprise</b>	<b>5,894,000</b>	<b>5,771,000</b>

During the year the City received dividends of \$7,219,000 (2022 - \$5,312,000).

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 12. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the City are summarized below:

	2023 \$	2022 \$
Development charges	28,919,487	28,082,068
Parkland fees and subdivider contributions	1,433,576	1,041,029
Building code	415,654	623,501
Canada Community-Building Fund	8,662,221	13,293,261
Provincial gasoline tax	839,366	829,735
	40,270,304	43,869,594

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2023 \$	2022 \$
Balance - beginning of year	43,869,594	40,445,859
Add amounts received:		
Development charges	3,206,820	6,825,247
Parkland fees and subdivider contributions	2,149,992	85,886
Building code permits	2,147,408	2,194,087
Canada Community-Building Fund	5,363,358	5,139,885
Provincial gasoline tax	1,756,423	1,848,974
Other obligatory funds	-	2,270,473
Investment income	2,003,856	1,015,213
	16,627,857	19,379,765
Less transfer to operations:		
Development charges earned	5,311,892	5,968,570
Building code permits earned	2,355,255	2,240,192
Canada Community-Building Fund earned	10,770,000	3,686,795
Provincial gasoline tax earned	1,790,000	1,790,000
Other obligatory funds earned	-	2,270,473
	20,227,147	15,956,030
Balance - end of year	40,270,304	43,869,594

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 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 1.23% to 5.46% (2022 - 1.23% to 5.46%).

(a) Future year's repayment obligations to be recovered from general revenues are comprised of the following:

	Principal \$	Interest \$	Total \$
2024 to 2028	72,877,311	22,545,876	95,423,187
2029 to 2033	41,853,218	12,983,211	54,836,429
2034 and subsequent years	47,619,950	24,311,198	71,931,148
	162,350,479	59,840,285	222,190,764

The long term debt 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 amounted to \$4,855,057 (2022 - \$3,777,641).



# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 14. ASSET RETIREMENT OBLIGATION

The City's asset retirement obligation consists of the following:

(a) Landfill obligation

The City owns and operates three landfill sites. The liability for the remaining closure costs of the one operational site as well as the post-closure costs for all sites has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for up to 165 years after the closure date using a discount rate of 5.3% and an inflation rate of 2.5%.

(b) Asbestos obligation

The City and its subsidiaries own and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the City recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023. The buildings have revised useful lives between 10 and 50 years.

Changes to the asset retirement obligation in the year are as follows:

	Operational site \$	Closed sites \$	Total \$
<b>Landfill closure and post-closure</b>			
Adjustment on adoption of the asset retirement obligation standard	7,412,863	25,383,541	32,796,404
Accretion expense	392,881	1,345,328	1,738,209
Closing balance	7,805,744	26,728,869	34,534,613
<b>Asbestos obligation</b>			Asbestos \$
Adjustment on adoption of the asset retirement obligation standard			44,391,382
Accretion expense			1,755,223
Closing balance			46,146,605
Total			80,681,218

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 15. EMPLOYEE FUTURE 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:

	2023	2022
	\$	\$
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	56,118,279	52,401,558
Current period benefit expense	5,450,737	5,338,981
Plan Amendment (WSIB income top-up benefit)	187,951	943,138
Interest	1,502,791	1,348,531
Benefit payments	(3,791,298)	(3,913,929)
Accrued benefit obligation, end of year	59,468,460	56,118,279
Unamortized actuarial gain (loss)	(13,138,449)	(14,465,135)
<b>Employee future benefits, end of year</b>	<b>46,330,011</b>	<b>41,653,144</b>

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimate. There were no changes in the assumptions and related percentages for the discount rate, inflation rate and salary increases. The following represents the more significant assumptions made:

	Benefits Payable for Early Retirees	Life Insurance	Worker's Compensation	Sick Leave
Inflation rate	2.7%	2.7%	2.7%	2.7%
Level of salary increases	3.5%	3.5%	3.5%	3.5%
Interest discount rate	2.6%	2.6%	2.6%	2.6%

#### Retirement Benefits

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

#### Life Insurance

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

# CORPORATION OF THE CITY OF PETERBOROUGH

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

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## 15. EMPLOYEE FUTURE BENEFITS, continued

### **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 completed as of December 31, 2021, with projections for 2022 and 2023.

### **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, 2021, with projections for 2022 and 2023.

### **Vacation Pay Entitlements**

Vacation pay entitlements are based on employees' years of service. Current obligations total \$4,192,077 (2022 - \$3,972,621) of which \$3,408,135 (2022 - \$3,249,725) does not need to be recovered in future periods or has been funded in the current or previous periods.

# CORPORATION OF THE CITY OF PETERBOROUGH

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

## 16. ACCUMULATED SURPLUS

This figure is comprised of the following:

	2023 \$	2022 \$
<b>Surplus/(Deficit)</b>		
Operating surplus	-	102,406
Unexpended financing	7,694,214	7,273,357
	7,694,214	7,375,763
<b>Consolidated Entities</b>		
Peterborough Public Health	(11,835)	138,598
The Village Business Improvement Area	10,056	(202)
Peterborough Downtown Business Improvement Area	82,068	181,960
Peterborough Utilities Commission	13,848,072	16,300,379
	13,928,361	16,620,735
<b>Unfunded amounts</b>		
Unfunded employee future benefits	(42,921,876)	(38,403,419)
Unfunded landfill closure and post-closure costs	-	(20,726,360)
Accrued interest on long term debt	(1,198,070)	(914,511)
	(44,119,946)	(60,044,290)
<b>Equity in GBE</b>	65,616,092	66,174,092
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	1,099,026,827	959,536,224
Short and long term debt	(162,350,479)	(149,598,411)
Unfunded capital	(43,283,455)	(32,576,745)
Unfunded asset retirement obligation	(80,681,218)	-
	812,711,675	777,361,068
<b>Reserve Funds and Reserves</b>		
Discretionary reserve funds	47,592,776	52,670,663
Reserves	167,311,493	165,145,621
	214,904,269	217,816,284
	1,070,734,665	1,025,303,652

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 17. TANGIBLE CAPITAL ASSETS

The net book value of the City's tangible capital assets are:

	2023	2022
	\$	\$
General		
Land and land improvements	129,843,446	124,272,079
Buildings and leaseholds	244,901,576	165,073,448
Machinery and equipment	24,929,578	22,401,120
Vehicles	29,359,317	25,970,880
Books and materials	1,100,087	1,005,898
Infrastructure		
Land and land improvements	26,305,946	26,330,794
Buildings	27,162,961	25,920,781
Machinery and equipment	804,505	260,909
Roadways and sidewalks	192,378,952	178,234,807
Storm sewer system	108,894,920	69,431,307
Wastewater system	90,040,170	77,677,601
Water system	90,321,956	86,456,917
	966,043,414	803,036,541
Assets under construction	132,983,413	156,499,683
	1,099,026,827	959,536,224

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

During 2023, there was \$1,803,526 representing gain on sale of assets (2022 loss - \$42,278). Interest of \$752,483 was capitalized in 2023 (2022 - \$386,391). Assets contributed to the City in 2023 were capitalized at their fair value on the date of acquisition and amounted to \$12,322,871 (2022 - \$Nil).

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 17. TANGIBLE CAPITAL ASSETS, continued

Tangible capital assets allocated by segment are as follows:

	2023	2022
	\$	\$
General government	55,722,211	57,464,010
Protection services	28,941,878	17,865,153
Transportation services	322,710,877	345,802,988
Environmental services	386,359,630	306,564,814
Health services	4,671,890	4,802,420
Social and Family services	7,550,348	7,044,436
Social housing	126,781,144	80,748,792
Recreation and cultural services	127,842,416	94,601,091
Planning and development	38,446,433	44,642,520
	1,099,026,827	959,536,224

### 18. EXPENSES BY OBJECT

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

	Budget 2023	Actual 2023	Actual 2022
	\$	\$	\$
	(Unaudited)		
Salaries and benefits	146,227,168	151,332,582	146,240,489
Interest charges	5,462,481	4,855,057	3,777,641
Materials	39,713,952	45,045,912	41,318,859
Contracted services	69,815,503	67,876,266	62,644,391
Rents and financial	2,449,910	5,713,989	2,232,132
External transfers	75,330,858	72,353,691	64,399,094
Amortization	38,519,074	43,923,224	38,043,262
Landfill adjustment - change in standards	-	4,657,181	-
	377,518,946	395,757,902	358,655,868

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 19. PARTNERSHIPS WITH THE COUNTY OF PETERBOROUGH

Certain services are provided by joint local boards established in partnership with the County of Peterborough. Under the agreements created at the time each board was established, decisions related to the financial and operating activities are shared, neither partner is in a position to exercise unilateral control. Operations of each board are included in these financial statements based on the share of net operating expenses contributed by the City during the fiscal period being reported. The following provides a brief description of the nature and purpose of each entity and condensed financial information.

#### Fairhaven

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

#### Financial Position:

	2023		2022	
	Total \$	City Portion \$	Total \$	City Portion \$
Financial assets	10,067,745	6,711,864	8,934,563	5,956,405
Liabilities	8,014,231	5,342,847	6,499,507	4,333,026
Net financial assets	2,053,514	1,369,017	2,435,056	1,623,379
Non-financial assets	10,359,218	6,906,180	9,535,084	6,356,754
Accumulated surplus	12,412,732	8,275,197	11,970,140	7,980,133

#### Results of Operations:

	2023		2022	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	31,500,627	21,000,523	31,232,724	20,821,920
Expenses	31,058,035	20,705,460	30,930,039	20,620,129
Annual surplus	442,592	295,063	302,685	201,791

# CORPORATION OF THE CITY OF PETERBOROUGH

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

## 19. PARTNERSHIPS WITH THE COUNTY OF PETERBOROUGH, continued

### Peterborough Public Health

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

Financial Position:

	2023		2022	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Financial assets	4,994,657	2,846,954	5,309,632	3,026,490
Liabilities	5,480,943	3,124,138	5,970,197	3,403,012
Net debt	(486,286)	(277,184)	(660,565)	(376,522)
Non-financial assets	8,197,317	4,672,471	8,427,500	4,803,675
Accumulated surplus	7,711,031	4,672,471	7,766,935	4,427,153

Results of Operations:

	2023		2022	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Revenues	16,940,504	9,656,087	17,493,888	9,971,516
Expenses	17,053,342	9,720,405	17,455,623	9,949,705
Annual surplus/(deficit)	(112,838)	(64,318)	38,265	21,811



# CORPORATION OF THE CITY OF PETERBOROUGH

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

## 19. PARTNERSHIPS WITH THE COUNTY OF PETERBOROUGH, continued

### Peterborough County-City Waste Management Facility

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

Included in the Statement of Financial Position is an amount due to/(from) the County of Peterborough of \$(54,394) (2022 - \$(63,600)).

Results of Operations:

	2023		2022	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Revenues	4,161,256	2,080,628	3,720,913	1,860,457
Expenses	4,336,259	2,168,130	4,142,835	2,071,418
Net expense	(175,003)	(87,502)	(421,922)	(210,961)

## 20. CHANGE IN NON-CASH ASSETS AND LIABILITIES

The change in non-cash assets and liabilities is comprised of the following:

	2023	2022
	\$	\$
Taxes receivable	(1,703,645)	(673,752)
Accounts receivable	8,048,739	(3,942,753)
Inventory held for resale	6,058	(9,360)
Other receivables	67,348	69,653
Prepaid expenses	(383,530)	(1,079,493)
Inventory of supplies	(386,651)	(247,542)
Accounts payable and accrued liabilities	6,121,806	9,585,423
Deferred revenue	16,056,398	11,176,835
Deferred revenue - obligatory reserve funds	(3,599,290)	3,423,735
	24,227,233	18,302,746

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 21. 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 Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the City does not recognize any share of the OMERS pension surplus or deficit.

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 2023, the current service cost amounted to \$10,457,125 (2022 - \$9,807,512).

### 22. MUNICIPAL CHILD CARE GRANTS AND SUBSIDIES

The City of Peterborough provides child care services at four locations within the City: Peterborough Child Care, Pearson Child Care, and the Before and After School Programs located at Edmison Heights and Westmount public schools. The City receives various grants and subsidies from the Province of Ontario to assist with the operations of the programs or assistance for families to cover the child care fees. The following represents grants and subsidies received in the current year.

	Fee Subsidy	General Operating Grant	Total
Peterborough Child Care	139,142	324,358	463,500
Pearson Child Care	129,742	294,001	423,743
School Age Programs	68,990	131,429	200,419
	337,874	749,788	1,087,662

### 23. TRUST FUNDS

Trust funds administered by the City amounting to \$358,272 (2022 - \$352,226) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. Due to the fact that balances are held in trust by the City for the benefit of others, they are not presented as part of the City's financial position or operations.

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 24. BUDGET FIGURES

The budget, approved by the City, for 2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Net Debt). The budget 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

### 25. LEASE COMMITMENTS

The City has entered into an operating lease agreement. The following table provides information on the minimum lease payments:

	Total \$
2024	2,837,539
2025	2,837,539
2026	472,922
Total minimum lease payments	6,148,000

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

The City in turn has an agreement to sublease the premises to General Motors Financial of Canada, Ltd (formerly known as Americredit Financial Services of Canada Ltd.), the terms of which expire July 30, 2026. Although there are provisions in the sublease agreement to terminate the lease prior to this date, the above table assumes that the sublease will continue to July 30, 2026. It is the City's expectation that the sublease will remain in place for the duration of the 25 years.

### 26. CONTINGENT ASSETS

The Corporation of the City of Peterborough is involved as a plaintiff in several lawsuits involving general contractors. The outcome of the litigation is not determinable at the audit report date and as such, no accrual or recognition of this asset has been made in these financial statements. The City records settlements as assets in the period they are likely to occur. Although it is possible that assets may arise in other instances for which no accruals have been made, the City does not believe that the outcome of litigation will have a material effect on its financial position.

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 27. 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.

### 28. CONTRACTUAL RIGHTS

The Corporation of the City of Peterborough (The City) has contractual rights related to receipt of Electronic Games and Live Table Games revenue as described by the Municipality Contribution Agreement (The Agreement) with Ontario Lottery and Gaming Corporation (OLG). The Agreement was signed by the City and OLG on August 14, 2018 and it will continue to be in effect until the earlier of (i) the date on which Casino Games are no longer conducted and managed by OLG in the City at the location, (ii) the date on which any license or permit required to run Casino Games in the City at the location is no longer available or becomes invalid, (iii) the effective date of written notice of termination or (iv) a date mutually agreeable to The City and the OLG. The Agreement entitles The City to receive payments from OLG based on certain percentages of Electronic Games and Live Tables Games revenue on a quarterly basis. Given the nature of the contractual right, quarterly payments are expected to take place and continue for a considerable period in the future. The City records receipt of contractual rights as assets or accruals in the period in which they occur. Although it is possible that assets may arise in other instances for which no accruals have been made, the City does not believe that such outcomes will have a material effect on its financial position.

# CORPORATION OF THE CITY OF PETERBOROUGH

## TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 29. CONTAMINATED SITES

The Corporation of the City of Peterborough in the normal course of operations owns certain contaminated sites. The contamination associated with the sites has been determined or is likely expected to be in excess of environmental standards. A reasonable estimate of the costs to remediate the sites cannot be determined as at the financial statement date; as a result, no liability has been recognized in these financial statements. The City is working toward a valuation for the liability for the contaminated sites.

### 30. 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, 2023 is \$1,152,364 (2022 - \$1,524,325).

### 31. 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.

The Provincial Offences Office net revenues are jointly shared by the County of Peterborough and the City of Peterborough based on weighted assessments. During 2023, the proportion based on weighted assessment for the City was 44.3% (2022 - 44.5%).

	2023		2022	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	1,947,902	862,921	1,732,241	770,847
Expenses	1,549,720	686,526	1,295,276	576,398
Net revenues	398,182	176,395	436,965	194,449

Included in the Consolidated Statement of Financial Position is an amount due from/(to) the County of Peterborough of \$(54,394) (2022 - \$(8,047)).

# CORPORATION OF THE CITY OF PETERBOROUGH

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

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## 32. SEGMENTED INFORMATION

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

Interfunctional transfers include an administrative overhead allocation, data processing costs and accounting fees that are allocated based on the original amount budgeted. Interfunctional transfers also include a percentage overhead charge based on the amount of wages allocated to specific recoverable jobs that are undertaken by the public works department. That allocation is based on the percentage originally budgeted. Other internal charges are made for wages and materials used during repair and preventative maintenance activities based on actual costs of the inputs. Other interfunctional charges such as leachate treatment are based on the actual costs of undertaking the testing. Engineering costs are allocated to capital projects based on a percentage of administrative overhead dictated in request for proposals award reports.

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

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

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## 32. SEGMENTED INFORMATION, continued

### **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. The Peterborough Utilities Commission provides water treatment and distribution services.

### **Health Services**

The health services function consists of activities of Peterborough Public Health 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 City.

### **Electric Utility**

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

## 33. 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

TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

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## 34. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the City assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The City is exposed to the following risks in respect of certain of the financial instruments held:

(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 value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise. These risks are generally outside the control of the City but are mitigated by the City's investment policies, which prescribe the asset mix of investments including the amount of foreign content and credit ratings of bond issuers.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The City reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The City monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

(c) Market risk

The City is exposed to certain market risks including changes in pricing of investments. The value of mutual funds changes with stock market conditions, which are affected by market conditions and a general economic outlook.

In the opinion of management, the City is not exposed to any significant liquidity or currency risk.



# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Asset Retirement Obligation	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Other Adjustments	Closing Balance	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>General</b>											
Land and land improvements	173,728,231	2,769,771	469,298	7,417,463	183,446,167	49,456,152	4,146,750	181	53,602,721	129,843,446	124,272,079
Buildings and leaseholds	322,491,565	46,782,493	562,437	44,331,733	413,043,354	157,418,117	10,985,649	261,988	168,141,778	244,901,576	165,073,448
Machinery and equipment	57,019,444	6,858,690	24,504	-	63,853,630	34,618,324	4,325,119	19,391	38,924,052	24,929,578	22,401,120
Vehicles	59,688,967	7,514,102	626,018	-	66,577,051	33,718,087	4,006,106	506,459	37,217,734	29,359,317	25,970,880
Books and materials	3,029,721	290,096	471,782	-	2,848,035	2,023,823	195,907	471,782	1,747,948	1,100,087	1,005,898
	615,957,928	64,215,152	2,154,039	51,749,196	729,768,237	277,234,503	23,659,531	1,259,801	299,634,233	430,134,004	338,723,425
<b>Infrastructure</b>											
Land and land improvements	26,616,546	-	-	-	26,616,546	285,752	24,848	-	310,600	26,305,946	26,330,794
Buildings	60,145,215	2,516,776	-	38,950	62,700,941	34,224,434	1,313,546	-	35,537,980	27,162,961	25,920,781
Machinery and vehicles	1,796,908	646,393	242,343	-	2,200,958	1,535,999	66,286	205,832	1,396,453	804,505	260,909
Roadways and sidewalks	319,838,777	23,444,444	386,975	-	342,896,246	141,603,970	9,093,606	180,282	150,517,294	192,378,952	178,234,807
Storm sewer system	98,834,158	41,281,239	49,826	-	140,065,571	29,402,851	1,771,187	3,387	31,170,651	108,894,920	69,431,307
Wastewater system	128,868,375	15,597,089	67,625	-	144,397,839	51,190,774	3,166,895	-	54,357,669	90,040,170	77,677,601
Water system	192,720,201	8,676,264	-	16,100	201,412,565	106,263,284	4,827,325	-	111,090,609	90,321,956	86,456,917
	828,820,180	92,162,205	746,769	55,050	920,290,666	364,507,064	20,263,693	389,501	384,381,256	535,909,410	464,313,116
<b>Assets under construction</b>	156,499,683	(23,516,270)	-	-	132,983,413	-	-	-	-	132,983,413	156,499,683
<b>Total</b>	1,601,277,791	132,861,087	2,900,808	51,804,246	1,783,042,316	641,741,567	43,923,224	1,649,302	684,015,489	1,099,026,827	959,536,224

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Electric Utility \$	Consolidated \$
<b>Revenues</b>											
Property taxation	19,094,828	51,969,683	31,342,305	7,942,517	7,158,524	9,993,098	5,421,660	17,964,523	6,115,890	-	157,003,028
Taxation from other governments	478,532	1,302,403	785,464	199,046	179,398	250,435	135,871	450,206	153,269	-	3,934,624
User fees and service charges	1,709,827	1,509,214	7,294,672	43,710,841	326,353	5,736,105	8,688,860	10,088,005	1,068,833	-	80,132,710
Government grants and other municipalities	309,108	8,369,554	11,683,800	4,654,528	8,230,488	80,693,296	23,750,835	8,234,423	850,296	-	146,776,328
Developer levies and other ontributions	2,255,688	50,580	1,707,381	584,079	-	-	157,595	1,005,320	20,843	-	5,781,486
Licenses, permits, royalties and rents	1,833,618	2,427,449	979,635	170,392	-	-	-	1,075,966	563,865	-	7,050,925
Fines and other charges	-	1,950,042	902,320	-	-	-	-	9,182	48,000	-	2,909,544
Penalties and interest on taxes	1,061,298	-	-	-	-	-	-	-	-	-	1,061,298
Investment income	579,614	1,725,729	1,443,823	2,051,168	309,921	511,057	941,716	785,680	186,975	-	8,535,683
Donations and contributed capital	-	-	120	-	-	-	10,000	759,186	12,337,871	-	13,107,177
Casino and gaming revenue	3,010,980	-	-	-	-	-	-	-	-	-	3,010,980
Income from GBE	-	-	-	-	-	-	-	-	-	6,661,000	6,661,000
Gain/(loss) on disposal of TCA	(364,794)	78,072	(220,247)	(111,915)	-	-	1,034,402	744,129	643,879	-	1,803,526
Other	1,244,547	80,788	7,276	1,085,625	101,490	-	610,976	209,526	80,378	-	3,420,606
<b>Total revenues</b>	<b>31,213,246</b>	<b>69,463,514</b>	<b>55,926,549</b>	<b>60,286,281</b>	<b>16,306,174</b>	<b>97,183,991</b>	<b>40,751,915</b>	<b>41,326,146</b>	<b>22,070,099</b>	<b>6,661,000</b>	<b>441,188,915</b>
<b>Expenses</b>											
Salaries and benefits	13,523,382	53,223,002	22,466,006	6,007,826	7,844,879	28,297,301	4,058,109	12,299,528	3,612,549	-	151,332,582
Interest charges	148,733	24,697	1,971,263	741,320	52,293	-	893,024	722,026	301,701	-	4,855,057
Materials	3,318,664	5,346,472	12,407,527	4,094,720	937,023	3,902,386	9,544,189	5,086,557	408,374	-	45,045,912
Contracted services	7,866,740	2,328,091	8,153,917	20,898,392	7,493,636	2,717,184	9,560,958	5,746,717	3,110,631	-	67,876,266
Rents and financial	(11,331)	122,845	53,825	2,322,097	9,768	816,948	1,854,064	534,443	11,330	-	5,713,989
External transfers	1,089,416	1,495,287	-	375	752,298	57,047,338	7,175,769	3,228,156	1,565,052	-	72,353,691
Amortization	2,795,614	1,647,192	15,787,303	13,451,818	130,530	710,531	4,343,962	5,012,260	44,014	-	43,923,224
Internal transfers	5,320,177	(1,352,686)	(7,743,385)	2,629,126	-	853,375	51,019	1,101,881	(859,507)	-	-
Landfill adjustment - change in standards	-	-	-	4,657,181	-	-	-	-	-	-	4,657,181
<b>Total expenses</b>	<b>34,051,395</b>	<b>62,834,900</b>	<b>53,096,456</b>	<b>54,802,855</b>	<b>17,220,427</b>	<b>94,345,063</b>	<b>37,481,094</b>	<b>33,731,568</b>	<b>8,194,144</b>	<b>-</b>	<b>395,757,902</b>
<b>Net surplus/(deficit)</b>	<b>(2,838,149)</b>	<b>6,628,614</b>	<b>2,830,093</b>	<b>5,483,426</b>	<b>(914,253)</b>	<b>2,838,928</b>	<b>3,270,821</b>	<b>7,594,578</b>	<b>13,875,955</b>	<b>6,661,000</b>	<b>45,431,013</b>

# CORPORATION OF THE CITY OF PETERBOROUGH

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Electric Utility \$	Consolidated \$
<b>Revenues</b>											
Property taxation	18,015,096	49,031,016	29,570,029	7,493,401	6,753,739	9,428,031	5,115,088	16,948,705	5,770,063	-	148,125,168
Taxation from other governments	464,086	1,263,085	761,751	193,037	173,983	242,875	131,769	436,614	148,642	-	3,815,842
User fees and service charges	1,343,064	1,474,556	5,975,791	43,192,163	348,376	5,579,271	7,942,634	7,097,459	245,339	-	73,198,653
Government grants and other municipalities	27,224	6,190,083	9,648,109	3,015,759	8,759,931	75,268,819	15,768,908	1,854,563	875,000	-	121,408,396
Developer levies and other ontributions	1,444,093	59,449	3,498,879	1,101,783	-	-	138,238	524,585	3,893	-	6,770,920
Licenses, permits, royalties and rents	1,118,847	2,332,789	665,900	179,964	-	-	-	813,738	18,950	-	5,130,188
Fines and other charges	-	1,720,279	658,764	-	-	-	-	1,617	-	-	2,380,660
Penalties and interest on taxes	789,256	-	-	-	-	-	-	-	-	-	789,256
Investment income	580,190	1,583,759	997,407	862,270	275,736	401,479	358,418	682,044	185,830	-	5,927,133
Donations and contributed capital	121	-	50	-	-	-	-	359,096	17,500	-	376,767
Casino and gaming revenue	2,655,458	-	-	-	-	-	-	-	-	-	2,655,458
Income from GBE	-	-	-	-	-	-	-	-	-	5,216,000	5,216,000
Gain/(loss) on disposal of TCA	(729,559)	(55,861)	(14,129)	(94,386)	-	-	1,015,581	(113,544)	(50,380)	-	(42,278)
Other	1,536,154	39,344	(57)	1,269,976	46,627	-	350,483	190,491	147,063	-	3,580,081
<b>Total revenues</b>	<b>27,244,030</b>	<b>63,638,499</b>	<b>51,762,494</b>	<b>57,213,967</b>	<b>16,358,392</b>	<b>90,920,475</b>	<b>30,821,119</b>	<b>28,795,368</b>	<b>7,361,900</b>	<b>5,216,000</b>	<b>379,332,244</b>
<b>Expenses</b>											
Salaries and benefits	13,701,047	49,636,955	22,683,199	5,789,769	8,093,928	28,015,454	3,576,231	11,424,426	3,319,480	-	146,240,489
Interest charges	60,954	32,322	1,560,420	734,273	54,499	-	585,015	679,952	70,206	-	3,777,641
Materials	3,204,313	4,368,184	11,638,748	4,734,938	1,007,968	3,354,966	8,149,620	4,479,495	380,627	-	41,318,859
Contracted services	7,237,902	1,892,424	7,168,807	18,312,759	6,426,345	3,108,808	8,511,777	7,261,826	2,723,743	-	62,644,391
Rents and financial	147,970	102,268	108,049	592,132	10,232	772,221	157,370	333,030	8,860	-	2,232,132
External transfers	777,373	1,520,979	-	12,000	673,008	51,218,692	5,785,282	2,176,102	2,235,658	-	64,399,094
Amortization	2,762,332	1,404,467	14,790,563	11,625,218	130,530	822,567	1,705,564	4,756,631	45,390	-	38,043,262
Internal transfers	8,832,930	(641,599)	(6,257,051)	1,378,973	-	898,631	(428,489)	(1,929,120)	(1,854,275)	-	-
<b>Total expenses</b>	<b>36,724,821</b>	<b>58,316,000</b>	<b>51,692,735</b>	<b>43,180,062</b>	<b>16,396,510</b>	<b>88,191,339</b>	<b>28,042,370</b>	<b>29,182,342</b>	<b>6,929,689</b>	<b>-</b>	<b>358,655,868</b>
<b>Net surplus/(deficit)</b>	<b>(9,480,791)</b>	<b>5,322,499</b>	<b>69,759</b>	<b>14,033,905</b>	<b>(38,118)</b>	<b>2,729,136</b>	<b>2,778,749</b>	<b>(386,974)</b>	<b>432,211</b>	<b>5,216,000</b>	<b>20,676,376</b>

## **INDEPENDENT AUDITOR'S REPORT**

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

#### **Opinion**

We have audited the financial statements of the Trust Funds of the Corporation of the City of Peterborough (the Trust Funds), which comprise the statement of financial position as at December 31, 2023, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2023, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Trust Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 12, 2024

# CORPORATION OF THE CITY OF PETERBOROUGH

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2023

	City Parks \$	Special Holdings \$	Safety Patrol \$	Cenotaph \$	Library \$	Morrow Park \$	Parks Hancock \$	Parks Tollington Endowment \$	Residents' Personal \$	2023 Total \$	2022 Total \$
<b>FINANCIAL ASSETS</b>											
Cash	141,871	21,898	35,935	2,426	21,501	7,770	38,914	12,354	119,784	402,453	369,244
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES</b>											
Accounts payable	-	-	-	-	1,069	-	-	-	-	1,069	541
Due to revenue fund/Fairhaven	-	-	-	-	-	-	-	-	43,112	43,112	16,477
	-	-	-	-	1,069	-	-	-	43,112	44,181	17,018
<b>FUND BALANCES</b>	141,871	21,898	35,935	2,426	20,432	7,770	38,914	12,354	76,672	358,272	352,226
	141,871	21,898	35,935	2,426	21,501	7,770	38,914	12,354	119,784	402,453	369,244

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CITY OF PETERBOROUGH

## TRUST FUNDS

### STATEMENT OF CONTINUITY

For the Year Ended December 31, 2023

	City Parks	Special Holdings	Safety Patrol	Cenotaph	Library	Morrow Park	Parks Hancock	Parks Tollington Endowment	Residents' Personal	2023 Total	2022 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>BALANCES - beginning of year</b>	134,718	20,794	36,424	2,208	20,389	7,378	36,952	11,732	81,631	352,226	328,152
<b>RECEIPTS</b>											
Deposits and grants	-	-	-	-	-	-	-	-	101,395	101,395	105,212
Transfer from Fairhaven	-	-	-	-	-	-	-	-	34,910	34,910	28,686
Interest Income	7,153	1,104	1,934	371	1,112	392	1,962	622	-	14,650	6,825
	7,153	1,104	1,934	371	1,112	392	1,962	622	136,305	150,955	140,723
<b>EXPENSES</b>											
Transfer to operations	-	-	-	153	1,069	-	-	-	-	1,222	765
Withdrawals, purchases	-	-	2,423	-	-	-	-	-	121,930	124,353	100,799
Resident maintenance	-	-	-	-	-	-	-	-	17,130	17,130	14,068
Donations	-	-	-	-	-	-	-	-	2,204	2,204	1,017
	-	-	2,423	153	1,069	-	-	-	141,264	144,909	116,649
<b>BALANCES - end of year</b>	141,871	21,898	35,935	2,426	20,432	7,770	38,914	12,354	76,672	358,272	352,226

The accompanying notes are an integral part of these financial statements



# CORPORATION OF THE CITY OF PETERBOROUGH

## TRUST FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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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).

(a) Basis of presentation

These trust fund statements reflect the assets, liabilities, sources of financing and expenditures combining trust funds of the City of Peterborough and the following local boards:

- Peterborough Public Library Board
- Fairhaven

(b) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Financial Instruments

The Trust Funds financial instruments consist of cash, accounts payable and due to revenue fund/Fairhaven. It is management's opinion that the fair value of the financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, currency or interest rate risk.

(d) 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 revenue and expenses during the year. Actual results could differ from those estimates.

**THE CORPORATION OF THE  
CITY OF PETERBOROUGH**

**Local Boards Financial Statements**

**December 31, 2023**

**PETERBOROUGH PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**PETERBOROUGH PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Board of Directors of the Peterborough Public Library Board**

#### *Qualified Opinion*

We have audited the financial statements of the Peterborough Public Library Board (the Board), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Qualified Opinion*

In common with many library boards, the Board derives revenue from user charges and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to revenue, annual surplus (deficit), assets and accumulated surplus for the years ended December 31, 2023 and 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Board's financial reporting process.

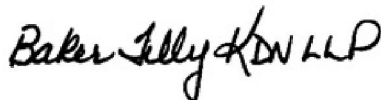
*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
September 10, 2024

# PETERBOROUGH PUBLIC LIBRARY BOARD

## STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>		
Cash	2,388,929	1,921,760
Receivable from City of Peterborough (note 2)	-	96,233
Accounts receivable	31,654	40,317
Investments (note 3)	604,410	822,275
<b>TOTAL FINANCIAL ASSETS</b>	<b>3,024,993</b>	<b>2,880,585</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	239,050	243,052
Employee future benefits (note 4)	168,200	162,300
Payable to City of Peterborough (note 2)	467,289	-
<b>TOTAL LIABILITIES</b>	<b>874,539</b>	<b>405,352</b>
<b>NET FINANCIAL ASSETS</b>	<b>2,150,454</b>	<b>2,475,233</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 5)	1,115,181	1,186,270
Prepaid expenses	192,751	70,602
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>1,307,932</b>	<b>1,256,872</b>
	<b>3,458,386</b>	<b>3,732,105</b>
<b>Comprised of:</b>		
Accumulated surplus (note 8)	3,447,967	3,732,105
Accumulated remeasurement gains	10,419	-
	<b>3,458,386</b>	<b>3,732,105</b>

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH PUBLIC LIBRARY BOARD

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>REVENUES</b>			
Grants			
City of Peterborough (note 2)	3,558,673	3,558,672	3,283,120
Province of Ontario	132,806	137,146	144,323
User charges (note 9)	68,400	73,887	40,235
Interest and investment income	5,000	157,146	55,791
Donations	23,000	74,225	43,382
<b>TOTAL REVENUES</b>	<b>3,787,879</b>	<b>4,001,076</b>	<b>3,566,851</b>
<b>EXPENSES</b>			
Salaries and wages	2,534,504	2,634,021	2,337,079
Processing materials and supplies	203,300	518,564	420,581
Support services	190,947	195,342	207,616
Property	201,796	264,768	208,302
Amortization	641,403	422,519	641,403
Transfer to City for new branch	-	250,000	-
<b>TOTAL EXPENSES</b>	<b>3,771,950</b>	<b>4,285,214</b>	<b>3,814,981</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>15,929</u></b>	<b>(284,138)</b>	<b>(248,130)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>3,732,105</b>	<b>3,980,235</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>3,447,967</b>	<b>3,732,105</b>

The accompanying notes are an integral part of these financial statements



# PETERBOROUGH PUBLIC LIBRARY BOARD

## STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2023

	Actual 2023 \$	Actual 2022 \$
<b>ACCUMULATED REMEASUREMENT GAINS AND LOSSES</b>		
- beginning of year		
Adjustment on adoption of the financial instruments standard	13,928	-
Unrealized gains attributable to:		
Change in market value	(3,509)	-
<b>ACCUMULATED REMEASUREMENT GAINS AND LOSSES</b>		
- end of year	10,419	-

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	15,929	(284,138)	(248,130)
Amortization of tangible capital assets	641,403	422,519	641,403
Purchase of tangible capital assets	-	(351,430)	(235,433)
Change in prepaid expenses	-	(122,149)	(54,730)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	657,332	(335,198)	103,110
<b>NET FINANCIAL ASSETS - beginning of year</b>	2,475,233	2,475,233	2,372,123
<b>ADJUSTMENT ON ADOPTION OF THE FINANCIAL INSTRUMENTS STANDARD</b> (note 11)	-	13,928	-
<b>NET FINANCIAL ASSETS - beginning of year, as restated</b>	2,475,233	2,489,161	2,372,123
<b>DECREASE IN ACCUMULATED REMEASUREMENT GAINS</b>	-	(3,509)	-
<b>NET FINANCIAL ASSETS - end of year</b>	3,132,565	2,150,454	2,475,233

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH PUBLIC LIBRARY BOARD

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023 \$	2022 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual deficit	(284,138)	(248,130)
Items not involving cash		
Amortization of tangible capital assets	422,519	641,403
Change in employee future benefits	5,900	4,000
Change in non-cash assets and liabilities		
Receivable from City of Peterborough	96,233	(700)
Accounts receivable	8,663	(27,273)
Prepaid expenses	(122,149)	(54,730)
Accounts payable and accrued liabilities	(4,002)	(1,508)
Deferred revenue	-	(6,792)
Payable to City of Peterborough	467,289	-
Net change in cash from operating activities	590,315	306,270
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(351,430)	(235,433)
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(247,257)	(374,361)
Disposal of Investments	475,541	414,472
Net change in cash from investing activities	228,284	40,111
<b>NET CHANGE IN CASH</b>	467,169	110,948
<b>CASH - beginning of year</b>	1,921,760	1,810,812
<b>CASH - end of year</b>	2,388,929	1,921,760

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

---

### NATURE OF ORGANIZATION

The Peterborough Public Library Board is a local board of the Corporation of the City of Peterborough. The Board provides library service to the residents of the City of Peterborough and surrounding areas.

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Peterborough Public Library Board.

(b) Recognition of Revenues and Expenses

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

Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

Interest and investment income is recorded when earned.

Donations are recognized as revenue as received.

All other revenue is recorded when earned.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books and other materials	7 years
Furniture, fixtures and equipment	4 to 15 years

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

# PETERBOROUGH PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

---

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values; and
- The values of employee future benefits depend on certain actuarial and economic assumptions.

#### (e) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

#### (f) Reserve and Reserve Funds

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

#### (g) Trust Funds

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

#### (h) Inter-Entity Transactions

The Library is a Board of the City of Peterborough and is consolidated with the City's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Board.

#### (i) Deferred Revenue

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

# PETERBOROUGH PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (j) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Receivable from City of Peterborough	Amortized Cost
Accounts receivable	Amortized Cost
Investments	Fair Value
Accounts payable and accrued liabilities	Amortized Cost
Payable to City of Peterborough	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

# PETERBOROUGH PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 2. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the City of Peterborough.

As part of the budgeting process, the City approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

In addition, the following services are provided to the Board by the City at no cost:

- Accounting and administrative services
- Rental of buildings

All balances with the City of Peterborough have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

### 3. INVESTMENTS

Investments are recorded at market value and are comprised of the following:

	2023	2022
	\$	\$
Fixed income certificates with chartered banks and other financial institutions, due 2024-2027, with interest rates ranging from 2.330% to 5.130%	231,759	506,331
Mutual funds	252,954	198,163
Common Shares	116,766	116,848
Cash	2,931	933
	604,410	822,275

Investments consists of:

	2023	2022
	\$	\$
Unrestricted	123,114	152,289
Restricted	481,296	669,986
	604,410	822,275

During 2020, an Endowment fund was transferred to the Board by the Peterborough Public Library Foundation and is required to be maintained by the Board. Only the income realized from the fund is permitted to be transferred from the Endowment fund and used to support the Board's purposes.

# PETERBOROUGH PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 4. EMPLOYEE FUTURE BENEFITS

The Board provides certain employee benefits which will require payment in future periods. An actuarial valuation of these liabilities has been performed and the amounts are recorded in the Statement of Financial Position.

The following table sets out the results for the plans as at December 31, 2020, with an update for 2023:

	2023 \$	2022 \$
Accrued benefit obligation, beginning of year	185,100	179,300
Current cost	15,700	15,300
Interest cost	5,100	4,900
Benefit payments	(13,100)	(14,400)
Accrued benefit obligation, end of year	192,800	185,100
Unamortized actuarial gain	(24,600)	(22,800)
Accrued benefit liability, end of year	168,200	162,300

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

	Employee Future Benefits %
Extended Health Care (EHC) trend rate	
-Initial (2021 - 6.0%)	5.97%
-Ultimate (2042 - 4%)	4.00%
Expected level of salary increases (2021-3%)	3.5%
Interest discount rate (2021 - 3.60%)	2.60%

#### Retirement Benefits

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

#### Life Insurance

Full-time employees of the Board are provided with Life Insurance of two times their salary while they are active employees. The 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.

# PETERBOROUGH PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 5. TANGIBLE CAPITAL ASSETS

The net book value of the Board's tangible capital assets are:

	2023	2022
	\$	\$
General		
Books and other materials	1,068,072	1,026,642
Furniture, fixtures and equipment	47,109	159,628
	1,115,181	1,186,270

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

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

### 6. PENSION AGREEMENTS

Certain employees of the Board are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit.

The organization's required contributions to OMERS in 2023 were \$179,327 (2022 - \$135,447).

### 7. TRUST FUNDS

Trust funds administered by the Board amounting to \$20,432 (2022 - \$20,389) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Board for the benefit of others, they are not presented as part of the Board's financial position or operations.



# PETERBOROUGH PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 8. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023	2022
	\$	\$
<b>Surplus/(Deficit)</b>		
Unfunded employee future benefits	(168,200)	(162,300)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	1,115,181	1,186,270
Unexpended/(unfunded) capital	8,296	61,054
	1,123,477	1,247,324
<b>Surplus</b>	955,277	1,085,024
<b>Reserves</b>		
Library system	427,853	406,675
Martha's garden fund	7,110	7,110
Innovation	35,313	33,565
Building maintenance	136,534	129,775
Materials acquisition	413,624	323,207
Peterborough collection	35,445	35,445
Healthy families	4,794	4,794
ESL program	2,885	2,885
Contingency	668,748	689,137
Friends of the library	39,480	55,449
Other donations	117,781	116,712
<b>Total Reserves</b>	1,889,567	1,804,754
<b>Reserve Funds</b>		
Library Foundation Fund	211,237	205,428
Library Foundation Endowment Fund	391,886	636,899
<b>Total Reserve Funds</b>	603,123	842,327
	3,447,967	3,732,105

# PETERBOROUGH PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 9. USER CHARGES

User charges are comprised of:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Fines and fees	5,700	24,863	10,506
Other	700	5,929	4,173
Memberships	12,000	14,739	15,228
Photocopier charges	5,000	12,403	6,016
Equipment and facility rentals	45,000	14,281	4,038
Microfilm fees	-	1,283	274
Program revenue	-	389	-
	68,400	73,887	40,235

### 10. BUDGET FIGURES

The budget, approved by the Board, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budget 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

# PETERBOROUGH PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 11. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Board's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

In accordance with the provisions of PS 3041 and PS 3450, the Board reflected the following adjustments at January 1, 2023:

- A gain of \$13,928 to accumulated remeasurement gains/ (losses) due to unrealized loss of the Board's investments that were previously recorded at cost.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The adoption of this standard did not have an impact on the Board's financial statements.

# PETERBOROUGH PUBLIC LIBRARY BOARD

## SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2023

	General		
	Books and other materials	Furniture, fixtures and equipment	Totals
	\$	\$	\$
<b>COST</b>			
Balance, beginning of year	3,129,850	1,549,547	4,679,397
Add: additions during the year	237,337	114,093	351,430
Less: disposals during the year	471,782	-	471,782
Balance, end of year	2,895,405	1,663,640	4,559,045
<b>ACCUMULATED AMORTIZATION</b>			
Balance, beginning of year	2,103,208	1,389,919	3,493,127
Add: additions during the year	195,907	226,612	422,519
Less: disposals during the year	471,782	-	471,782
Balance, end of year	1,827,333	1,616,531	3,443,864
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	1,068,072	47,109	1,115,181

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Board of Directors of the Peterborough Public Library Board**

#### *Opinion*

We have audited the financial statements of the Trust Funds of the Peterborough Public Library Board (the Trust Funds), which comprise the statement of financial position as at December 31, 2023, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2023, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Trust Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

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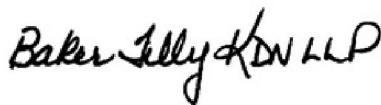
### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
September 10, 2024

# PETERBOROUGH PUBLIC LIBRARY BOARD

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2023

	Nichols Endowment \$	Morrow Trust \$	2023 Total \$	2022 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	16,126	5,375	21,501	20,930
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to Peterborough Public Library	802	267	1,069	541
<b>FUND BALANCES</b>	15,324	5,108	20,432	20,389
	16,126	5,375	21,501	20,930

## TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2023

	Nichols Endowment \$	Morrow Trust \$	2023 Total \$	2022 Total \$
<b>BALANCES - beginning of year</b>	15,292	5,097	20,389	20,350
<b>RECEIPTS</b>				
Interest earned	834	278	1,112	580
<b>EXPENSES</b>				
Transfer to current operations	802	267	1,069	541
<b>BALANCES - end of year</b>	15,324	5,108	20,432	20,389

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH PUBLIC LIBRARY BOARD

## TRUST FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on management's best information and judgment. Actual results could differ from these estimates.



**PETERBOROUGH DOWNTOWN BUSINESS  
IMPROVEMENT AREA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**PETERBOROUGH DOWNTOWN BUSINESS  
IMPROVEMENT AREA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Board of Management of the Peterborough Downtown Business Improvement Area**

#### *Opinion*

We have audited the financial statements of the Peterborough Downtown Business Improvement Area (the Improvement Area), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Improvement Area as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Improvement Area in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Improvement Area's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Improvement Area or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Improvement Area's financial reporting process.

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Peterborough

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### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Improvement Area's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Improvement Area's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Improvement Area to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 10, 2024



# PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

## STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>		
Cash	203,558	260,574
Short-term investments	-	5,709
Accounts receivable	82,646	89,076
<b>TOTAL FINANCIAL ASSETS</b>	<b>286,204</b>	<b>355,359</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	28,988	26,701
Gift cards payable	8,960	6,084
Deferred revenue	2,500	5,100
<b>TOTAL LIABILITIES</b>	<b>40,448</b>	<b>37,885</b>
<b>NET FINANCIAL ASSETS</b>	<b>245,756</b>	<b>317,474</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 5)	29,799	46,895
<b>ACCUMULATED SURPLUS (note 6)</b>	<b>275,555</b>	<b>364,369</b>

*The accompanying notes are an integral part of these financial statements*

# PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>REVENUES</b>			
Requisition from City of Peterborough	341,181	341,181	334,492
Other grants from City of Peterborough	282,950	283,500	306,325
City of Peterborough - beautification	27,500	15,096	24,500
City of Peterborough - community watch party	-	31,154	-
Special events	25,000	25,000	25,000
Regional Tourism Organization 8	-	-	96,100
Other	20,000	24,135	25,874
<b>TOTAL REVENUES</b>	<b>696,631</b>	<b>720,066</b>	<b>812,291</b>
<b>EXPENSES</b>			
Administration	270,320	360,868	255,649
Promotion	65,811	110,493	86,017
Communications	26,000	25,649	22,662
Streetscape	202,400	197,337	202,359
Special events	132,100	93,391	102,127
Amortization	-	21,142	24,037
Urban Park Project	-	-	50,000
<b>TOTAL EXPENSES</b>	<b>696,631</b>	<b>808,880</b>	<b>742,851</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>-</b>	<b>(88,814)</b>	<b>69,440</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>364,369</b>	<b>294,929</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>275,555</b>	<b>364,369</b>

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	-	(88,814)	69,440
Amortization of tangible capital assets	-	21,142	24,037
Purchase of tangible capital assets	-	(4,046)	-
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	-	(71,718)	93,477
<b>NET FINANCIAL ASSETS - beginning of year</b>	317,474	317,474	223,997
<b>NET FINANCIAL ASSETS - end of year</b>	317,474	245,756	317,474

*The accompanying notes are an integral part of these financial statements*

# PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	(88,814)	69,440
Items not involving cash		
Amortization of tangible capital assets	21,142	24,037
Change in non-cash assets and liabilities		
Accounts receivable	6,430	(51,664)
Accounts payable and accrued liabilities	2,287	20,448
Gift cards payable	2,876	(14,200)
Deferred revenue	(2,600)	5,100
Net change in cash from operating activities	(58,679)	53,161
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(4,046)	-
<b>INVESTING ACTIVITIES</b>		
Short-term investments	5,709	-
<b>NET CHANGE IN CASH</b>	(57,016)	53,161
<b>CASH - beginning of year</b>	260,574	207,413
<b>CASH - end of year</b>	203,558	260,574

The accompanying notes are an integral part of these financial statements



# PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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The Peterborough Downtown Business Improvement Area ("Improvement Area"), comprising those lands as described in City of Peterborough By-Law 1980-142, was established for the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the area, beyond that provided at the expense of the City, and for the promotion of the area as a business and shopping area.

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

#### (a) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Pole Banners	5 years
Decorations	5 years
Equipment	5-7 years

Amortization is recorded at one half of the above rate in the year of acquisition.

#### (b) Non-Financial Assets

Non-financial assets are accounted for as assets by the Improvement Area because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Improvement Area unless they are sold.

#### (c) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards 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 judgments (often as a result of matters that are inherently uncertain) include the amounts recorded for amortization of tangible capital assets which are based on estimates of useful lives and residual values.

# PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Recognition of Revenues and Expenses

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

##### Requisition from City of Peterborough

Revenue is raised for the Improvement Area by City Council through special levy upon designated ratepayers. The Board of Management for the Improvement Area requisitions funds from the City from time to time and accounts for these revenues on the accrual basis.

Interest revenue is recognized when it is earned. Special events revenue is earned once the event has taken place.

Grants and other revenue are recognized in the financial statements as revenue in the period in which the transactions or events occurred that give rise to the revenue.

#### (e) Inter-Entity Transactions

The Improvement Area is a Board of the City of Peterborough and is consolidated with the City financial statements.

Allocated costs and recovery costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the City.

#### (f) Deferred Revenue

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



# PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (g) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Gift cards payable	Amortized Cost

Fair value category: The Improvement Area manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

# PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 2. COMMITMENT

In 2020, the Improvement Area entered into an agreement for the maintenance of public spaces in downtown Peterborough for 5 years ending March 31, 2025. Expected payments, net of HST rebate, over the remaining term of the contract are as follows:

2024	\$186,743
2025	46,685

### 3. BUDGET FIGURES

The budget, approved by the Board of Management, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. Budget figures are not subject to audit.

### 4. CONTRACTUAL RIGHTS

The Improvement Area has an agreement with the City of Peterborough to receive funding of \$150,000 annually. This agreement will expire in 2036. This funding is included in other grants from City of Peterborough on the Statement of Operations and Accumulated Surplus and is in addition to the requisition received from the City through a special levy from designated ratepayers.

### 5. TANGIBLE CAPITAL ASSETS

The net book value of the Improved areas tangible capital assets are:

	Pole Banners \$	Decorations \$	Equipment \$	2023 Totals \$	2022 Totals \$
<b>COST</b>					
Balance, beginning of year	13,315	71,805	63,258	148,378	148,378
Add: additions during the year	-	-	4,046	4,046	-
Balance, end of year	13,315	71,805	67,304	152,424	148,378
<b>ACCUMULATED AMORTIZATION</b>					
Balance, beginning of year	13,131	35,902	52,450	101,483	77,446
Add: additions during the year	184	14,360	6,598	21,142	24,037
Balance, end of year	13,315	50,262	59,048	122,625	101,483
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	-	21,543	8,256	29,799	46,895

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).



# PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
<b>Surplus/(Deficit)</b>		
Operating fund	82,068	181,960
<b>Invested In Capital Assets</b>		
Net book value of tangible capital assets	29,799	46,895
<b>Surplus</b>	111,867	228,855
<b>Reserves</b>		
Casino settlement	163,688	135,514
	275,555	364,369

### 7. INTER-ENTITY TRANSACTIONS

All funding received from the City of Peterborough has been identified on the Statement of Operations and Accumulated Surplus. There is an no outstanding balance between the City and the Improvement Area at December 31, 2023 (2022 - \$24,500).

### 8. CHANGES IN ACCOUNTING POLICIES

The Improvement Area has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Improvement Area's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Improvement Area's financial statements.

# PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 8. CHANGES IN ACCOUNTING POLICIES, continued

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Improvement Area's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Improvement Area's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The adoption of this standard did not have an impact on the Improvement Area's financial statements.

### 9. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Improvement Area assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Improvement Area is exposed to the following risks in respect of certain of the financial instruments held:

#### (a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The Improvement Area reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Improvement Area monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

In the opinion of management, the Improvement Area is not exposed to any significant interest rate, liquidity or currency risk.

**THE VILLAGE BUSINESS IMPROVEMENT AREA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**THE VILLAGE BUSINESS IMPROVEMENT AREA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE BOARD OF MANAGEMENT OF THE VILLAGE BUSINESS IMPROVEMENT AREA**

#### *Opinion*

We have audited the financial statements of The Village Business Improvement Area (the Board), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise

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professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 6, 2024

# THE VILLAGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>		
Cash	23,806	5,163
Accounts receivable	-	4,500
<b>TOTAL FINANCIAL ASSETS</b>	23,806	9,663
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,750	3,265
<b>NET FINANCIAL ASSETS</b>	22,056	6,398
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	5,270	8,164
Prepaid expenses	-	138
<b>TOTAL NON-FINANCIAL ASSETS</b>	5,270	8,302
<b>ACCUMULATED SURPLUS (note 4)</b>	27,326	14,700

*The accompanying notes are an integral part of these financial statements*

# THE VILLAGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>REVENUES</b>			
Requisition from the City of Peterborough	-	18,360	18,000
Interest	-	2	1
<b>TOTAL REVENUES</b>	-	18,362	18,001
<b>EXPENSES</b>			
Streetscape	-	1,209	10,962
Administration and promotion	-	1,633	4,360
Amortization	-	2,894	2,911
<b>TOTAL EXPENSES</b>	-	5,736	18,233
<b>ANNUAL SURPLUS/(DEFICIT)</b>	-	12,626	(232)
<b>ACCUMULATED SURPLUS - beginning of year</b>		14,700	14,932
<b>ACCUMULATED SURPLUS - end of year</b>		27,326	14,700

The accompanying notes are an integral part of these financial statements

# THE VILLAGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	-	12,626	(232)
Amortization of tangible capital assets	-	2,894	2,911
Purchase of tangible capital assets	-	-	(6,941)
Change in prepaid expenses	-	138	(20)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	-	15,658	(4,282)
<b>NET FINANCIAL ASSETS - beginning of year</b>	6,398	6,398	10,680
<b>NET FINANCIAL ASSETS - end of year</b>	6,398	22,056	6,398

The accompanying notes are an integral part of these financial statements

# THE VILLAGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	12,626	(232)
Items not involving cash		
Amortization of tangible capital assets	2,894	2,911
Change in non-cash assets and liabilities		
Accounts receivable	4,500	(4,500)
Prepaid expenses	138	(20)
Accounts payable and accrued liabilities	(1,515)	(338)
Net change in cash from operating activities	18,643	(2,179)
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	-	(6,941)
<b>NET CHANGE IN CASH</b>	18,643	(9,120)
<b>CASH - beginning of year</b>	5,163	14,283
<b>CASH - end of year</b>	23,806	5,163

The accompanying notes are an integral part of these financial statements

# THE VILLAGE BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 1. NATURE OF ORGANIZATION

The Village Business Improvement Area (the "Organization"), comprising those lands as described in City of Peterborough By-Law 1989-2, was established on January 3, 1989, for the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the area, beyond that provided at the expense of the City, and for the promotion of the area as a business and shopping area.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

#### (a) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Signage and banners	5-15 years
---------------------	------------

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

#### (b) Recognition of Revenues and Expenses

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

Requisition from the City of Peterborough

The Organization recognizes the requisition from the City of Peterborough annually based on the budget approved by the City of Peterborough.

Other revenue

Investment income is recorded when earned.

#### (c) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

#### (d) Reserves and Reserve Funds

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

# THE VILLAGE BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (e) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.



# THE VILLAGE BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (f) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements or changes in such estimates in future periods could be significant. The Board's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

#### (g) Inter-Entity Transactions

Village Business Improvement Area is a local board of the Corporation of the City of Peterborough and is consolidated with the City's financial statements.

Allocated costs and recovery of costs are measured at exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the City.

### 3. TANGIBLE CAPITAL ASSETS

The net book value of the Organization's tangible capital assets are:

	2023 Signage \$	2022 Signage \$
<b>COST</b>		
Balance, beginning of year	31,581	24,640
Add: additions during the year	-	6,941
Less: disposals during the year	19,391	-
Balance, end of year	12,190	31,581
<b>ACCUMULATED AMORTIZATION</b>		
Balance, beginning of year	23,417	20,506
Add: additions during the year	2,894	2,911
Less: disposals during the year	19,391	-
Balance, end of year	6,920	23,417
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>5,270</b>	<b>8,164</b>

# THE VILLAGE BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023	2022
	\$	\$
<b>Surplus/(Deficit)</b>		
Operating surplus/(deficit)	10,056	(5,464)
<b>Invested In Capital Assets</b>		
Net book value of tangible capital assets	5,270	8,164
<b>Surplus</b>	15,326	2,700
<b>Reserves</b>		
Capital reserve	12,000	12,000
	27,326	14,700

### 5. INTER-ENTITY TRANSACTIONS

During the year, the Organization entered into transactions with the City of Peterborough.

As part of the budgeting process, the City of Peterborough approves a contribution to the Organization which is identified on the Statement of Operations and Accumulated Surplus.

### 6. BUDGET FIGURES

The budget, approved by the Organization, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

### 7. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Board's financial statements.

# THE VILLAGE BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 7. CHANGES IN ACCOUNTING POLICIES, continued

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Board's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The adoption of this standard did not have an impact on the Board's financial statements.

**PETERBOROUGH HOUSING CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**PETERBOROUGH HOUSING CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**Baker Tilly KDN LLP**  
272 Charlotte St.  
Peterborough, ON  
Canada K9J 2V4

## **INDEPENDENT AUDITOR'S REPORT**

**T: (705) 742-3418**  
**F: (705) 742-9775**

**To the Members of the Board of Directors of the  
Peterborough Housing Corporation**

**[www.bakertilly.ca](http://www.bakertilly.ca)**

### *Opinion*

We have audited the consolidated financial statements of the Peterborough Housing Corporation and its subsidiary (the Corporation), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

ASSURANCE • TAX • ADVISORY

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### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### ***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 29, 2024



# PETERBOROUGH HOUSING CORPORATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>		
Cash	6,690,442	8,392,952
Accounts receivable (note 4)	3,310,784	1,776,941
Loans receivable (note 5)	1,460,706	1,658,324
Investments (note 6)	3,496,342	3,605,561
<b>TOTAL FINANCIAL ASSETS</b>	<b>14,958,274</b>	<b>15,433,778</b>
<b>LIABILITIES</b>		
Short term debt and loan advances (note 7)	-	24,433,000
Accounts payable and accrued liabilities	3,485,579	7,248,059
Deferred revenue (note 8)	3,431,669	3,575,000
Long term debt (note 9)	41,004,951	16,656,581
Asset retirement obligation (note 14)	44,117,673	-
Employee future benefits (note 10)	165,975	153,946
<b>TOTAL LIABILITIES</b>	<b>92,205,847</b>	<b>52,066,586</b>
<b>NET DEBT</b>	<b>(77,247,573)</b>	<b>(36,632,808)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 13)	120,831,739	80,709,616
Prepaid expenses	506,009	376,469
Inventories of supplies	39,219	15,400
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>121,376,967</b>	<b>81,101,485</b>
	<b>44,129,394</b>	<b>44,468,677</b>
<b>Comprised of:</b>		
Accumulated surplus (note 15)	44,300,721	44,468,677
Accumulated remeasurement losses	(171,327)	-
	<b>44,129,394</b>	<b>44,468,677</b>

Approved on behalf of the Board:



Director



Director

The accompanying notes are an integral part of these financial statements



# PETERBOROUGH HOUSING CORPORATION

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>REVENUES</b>			
Rent	9,621,720	8,688,860	7,941,691
City of Peterborough subsidy (note 16)	6,270,872	9,298,619	7,018,210
Laundry and miscellaneous recoveries	207,210	507,196	302,587
Other subsidies (note 17)	110,364	1,000,846	158,671
Management fees	65,000	60,689	35,000
Investment income	25,200	429,791	193,683
Interest on loans receivable	-	47,230	53,023
Gain on sales of tangible capital assets	-	1,034,402	1,015,581
<b>TOTAL REVENUES</b>	<b>16,300,366</b>	<b>21,067,633</b>	<b>16,718,446</b>
<b>EXPENSES</b>			
Materials and services (note 18)	2,144,599	2,657,447	2,474,572
Utilities (note 19)	2,492,384	2,261,455	2,151,449
Administrative overhead (note 20)	554,107	661,889	463,631
Bad debts	104,612	128,675	96,723
Insurance	487,263	482,420	419,880
Salaries and benefits	3,228,719	3,260,833	2,860,404
Property taxes	2,177,933	2,301,286	2,136,599
Major repairs	902,477	892,987	921,033
Interest on long-term debt	845,795	893,025	585,017
Rent supplements	1,481,877	1,321,327	1,406,442
Food services	-	389,315	34,924
Amortization of capital assets	2,205,472	4,328,925	1,705,566
Accretion	-	1,656,005	-
<b>TOTAL EXPENSES</b>	<b>16,625,238</b>	<b>21,235,589</b>	<b>15,256,240</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(324,872)</u></b>	<b>(167,956)</b>	<b>1,462,206</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>44,468,677</b>	<b>43,006,471</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>44,300,721</b>	<b>44,468,677</b>

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH HOUSING CORPORATION

## CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2023

	Actual 2023 \$	Actual 2022 \$
<b>ACCUMULATED REMEASUREMENT GAINS AND LOSSES</b>		
- beginning of year	-	-
Adjustment on adoption of the financial instruments standard	(362,426)	-
Unrealized gain/(loss) on portfolio investments during the year	191,099	-
<b>ACCUMULATED REMEASUREMENT GAINS AND LOSSES</b>		
- end of year	(171,327)	-

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(324,872)	(167,956)	1,462,206
Amortization of tangible capital assets	2,205,472	4,328,925	1,705,566
Purchase of tangible capital assets	-	(2,129,278)	(11,283,291)
Gain on disposals of tangible capital assets	-	(1,034,402)	(1,015,581)
Proceeds on sales of tangible capital assets	-	1,174,300	1,119,286
Change in prepaid expenses	-	(129,540)	(41,698)
Change in inventories of supplies	-	(23,819)	(6,400)
<b>CHANGE IN NET DEBT</b>	1,880,600	2,018,230	(8,059,912)
<b>NET DEBT - beginning of year</b>	(36,632,808)	(36,632,808)	(28,572,896)
<b>ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 14)</b>	-	(42,461,668)	-
<b>ADJUSTMENT ON ADOPTION OF THE FINANCIAL INSTRUMENTS STANDARD (note 3)</b>	-	(362,426)	-
<b>NET DEBT - beginning of year, as restated</b>	(36,632,808)	(79,456,902)	(28,572,896)
<b>INCREASE IN ACCUMULATED REMEASUREMENT GAINS</b>	-	191,099	-
<b>NET DEBT - end of year</b>	(34,752,208)	(77,247,573)	(36,632,808)

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH HOUSING CORPORATION

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023 \$	2022 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	(167,956)	1,462,206
Items not involving cash		
Amortization of tangible capital assets	4,328,925	1,705,566
Gain on disposal of tangible capital assets	(1,034,402)	(1,015,581)
Accretion expense	1,656,005	-
Change in employee future benefits	12,029	12,585
Accounts receivable	(1,533,843)	(62,127)
Loans receivable	197,618	191,661
Prepaid expenses	(129,540)	(41,698)
Inventories of supplies	(23,819)	(6,400)
Accounts payable and accrued liabilities	(3,762,480)	801,359
Deferred revenue	(143,331)	3,575,000
Net change in cash from operating activities	(600,794)	6,622,571
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(2,129,278)	(11,283,291)
Proceeds on disposal of tangible capital assets	1,174,300	1,119,286
Net change in cash from capital activities	(954,978)	(10,164,005)
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(62,108)	(53,598)
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	25,590,900	3,731,811
Debt principal repayments	(1,242,530)	(1,197,440)
Short term debt and loan advances repaid	(24,433,000)	(5,100,000)
Short term debt and loan advances received	-	5,504,000
Long term debt matured	-	(353,428)
Long term debt reissued	-	353,428
Net change in cash from financing activities	(84,630)	2,938,371
<b>NET CHANGE IN CASH</b>	(1,702,510)	(656,661)
<b>CASH - beginning of year</b>	8,392,952	9,049,613
<b>CASH - end of year</b>	6,690,442	8,392,952

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 1. NATURE OF OPERATIONS

The Peterborough Housing Corporation was incorporated on December 14, 2000 under Part III of the Ontario Business Corporations Act. The Corporation provides housing accommodation and rent-geared-to-income assistance to households of low to moderate income in accordance with the Housing Services Act (HSA). The Corporation is one hundred percent owned by the City of Peterborough.

The Corporation is exempt from income tax under section 149(1)(d.5) of the Income Tax Act as a corporation operating exclusively for social welfare. No portion of the Corporation's surplus is available for the personal benefit of any tenant.

In accordance with its operating agreement with the HSA, the Corporation receives funding from the City of Peterborough and provides subsidized housing to its tenants and their families. The Corporation is dependent on this funding for its continued operation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

#### (a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the following corporations:

- Peterborough Housing Corporation (PHC)
- Finally A Home (FAH) - 100% controlled subsidiary

All interfund assets and liabilities and revenues and expenses are eliminated.

#### (b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Buildings	35 years
Building improvements	35 years
Equipment, furniture and fixtures	3 to 5 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

---

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (c) Recognition of Revenues and Expenses

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

##### Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

##### Rental Revenue

Rental revenue is recognized as revenue when the services are provided and collection is reasonably assured.

#### (d) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Corporation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Corporation unless they are sold.

#### (e) Reserves and Reserve Funds

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

#### (f) Deferred Revenue

Deferred revenue represents grants which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

---

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (g) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Corporation's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Corporation's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values;
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances; and
- The values of employee future benefits and the amount of costs charged to operations depend on certain actuarial and economic assumptions.

In addition, the Corporation's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

#### (h) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

#### (i) Inter-Entity Transactions

Peterborough Housing Corporation is a subsidiary of the Corporation of the City of Peterborough and is consolidated with the City's financial statements.

Allocated costs and recovery of costs are measured at exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the City.

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (j) Financial Instruments

Financial instruments are classified into two categories: fair value and amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Loans receivable	Amortized Cost
Investments	Fair Value
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Corporation manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Consolidated Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

---

### 3. CHANGES IN ACCOUNTING POLICIES

The Corporation has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Corporation's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Corporation's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

In accordance with the provisions of this new standard, the Corporation reflected the following adjustments at January 1, 2023:

- A loss of \$362,426 to the accumulated remeasurement gains/(losses) due to the unrealized loss of the Corporation's investments that were previously recorded at cost.

In accordance with the provisions of this new standard, the Corporation reflected the following adjustments at January 1, 2023:

#### Asbestos Obligation

- An increase of \$42,461,668 to the buildings tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.



# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2023	2022
	\$	\$
Tenants	468,033	387,598
City of Peterborough subsidy	1,517,768	132,791
Lien deposits	698,991	698,991
Other	882,056	777,175
Allowance for doubtful accounts	(256,064)	(219,614)
	3,310,784	1,776,941

The receivables from tenants are reviewed by management quarterly for collectibility.

During 2019, liens were placed on two properties that were under construction. In order for construction financing to continue, the Corporation had to remit to the courts the value of the liens plus 25%. These liens are still being held by the courts.

### 5. LOANS RECEIVABLE

Upon completion of Trailview Terrace and Saunder's Court, the Corporation had met the criteria necessary for the final AHP funds from the Provincial government. The funds will be advanced to the Corporation on a monthly basis to assist with the mortgage payments on the properties.

	2023	2022
	\$	\$
Trailview Terrace AHP	874,895	1,002,041
Saunder's Court AHP	585,811	656,283
	1,460,706	1,658,324

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 6. OPERATING EXPENSES

Investments consist of the following:

	2023	2022
	\$	\$
<b>Investments held at amortized costs</b>		
World Source - bond portfolio	-	2,429,064
World Source - equity portfolio	-	1,162,020
Homeward Bound savings trust accounts	11,984	14,477
	11,984	3,605,561
<b>Investments held at market value</b>		
World Source - bond portfolio	2,287,718	-
World Source - equity portfolio	1,196,640	-
	3,484,358	-
	3,496,342	3,605,561

Book cost of World Source - bond portfolio and World Source - equity fund are \$2,484,207 and \$1,171,478 respectively at December 31, 2023. The 2022 World Source amounts were reported at cost per PS 3040.

### 7. SHORT TERM DEBT AND LOAN ADVANCES

The Corporation had received construction financing advances from the City of Peterborough for the McRae property. These advances have been repaid as part of the permanent financing of the facility through CMHC and City loans.

### 8. DEFERRED REVENUE

Deferred revenue consists of the following:

	2023	2022
	\$	\$
CMHC	3,391,169	3,450,000
City of Peterborough	-	125,000
Meal allowance	40,500	-
	3,431,669	3,575,000

In 2022, the Corporation received \$3,450,000 from the Canada Mortgage and Housing Corporation (CMHC) to be utilized on repairing Municipally owned Affordable Housing Units. 30% of total project costs are to be funded by CMHC. As of December 31, 2023, \$196,103 of costs have been incurred, with CMHC funds recognized as revenue of \$58,831.

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 9. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2023 \$	2022 \$
Gerow Havelock mortgage held with Royal Bank of Canada, payable in blended monthly installments of \$12,794, interest at 2.75% maturing April 1, 2027	3,644,110	3,697,209
Trailview Terrace mortgage held with RBC Insurance, payable in blended monthly installments of \$15,908, interest at 5.46%, maturing June 1, 2030	2,421,833	2,480,258
Woollen Mill mortgage held with Royal Bank of Canada, payable in blended monthly installments of \$17,663, interest at 3.01%, maturing August 1, 2027	1,616,379	1,777,363
Anishnawbe mortgage held with MCAP Financial Corporation, payable in blended monthly installments of \$2,402, interest at 4.895%, maturing December 1, 2027	209,926	228,099
Spruce Corners mortgage held with Canada Mortgage and Housing Corporation, payable in blended monthly installments of \$2,290, interest at 3.70%, maturing December 1, 2027	102,066	125,329
River Ridge mortgage held with Royal Bank of Canada, payable in blended monthly installments of \$12,969, interest at 2.19%, maturing April 1, 2026	1,053,807	1,184,904
Home Grown Homes mortgage held with Royal Bank of Canada, payable in blended monthly installments of \$1,901, interest at 2.46%, maturing September 16, 2026	326,811	341,351
Home Grown Homes mortgage held with Royal Bank of Canada, payable in blended monthly installments of \$894, interest at 2.46%, maturing September 16, 2026	153,679	160,516
Bradburn House mortgage held with Royal Bank of Canada, payable in blended monthly installments of \$4,864, interest at 2.64%, maturing October 18, 2026	631,462	672,620
Hunt Terraces mortgage held with Canada Mortgage and Housing Corporation, payable in blended monthly installments of \$70,801, interest at 3.84%, maturing March 1, 2074	19,090,900	-
Trailview Terrace demand loan held with Royal Bank of Canada, payable in blended monthly installments of \$13,135, interest at 3.22%, maturing January 14, 2030	869,732	997,115

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 9. LONG TERM DEBT, continued

	2023 \$	2022 \$
Malcolm Court debenture held with the City of Peterborough, payable in semi-annual installments of \$202,932, interest at 4.69%, maturing July 17, 2053	6,500,000	-
Sunshine Homes mortgage held with Canada Mortgage and Housing Corporation, payable in blended monthly installments of \$39,856, interest at 1.86%, maturing March 1, 2024	119,265	590,585
Anson House 1st mortgage held with RBC, payable in blended monthly installments of \$4,976, interest at 2.98%, maturing on June 1, 2031	1,351,126	1,370,506
Saunders Court 1st mortgage held with RBC, payable in blended monthly installments of \$5,741, interest at 2.98%, maturing on June 1, 2031	1,558,992	1,581,353
Saunders Court Affordability mortgage held with RBC, payable in blended monthly installments of \$7,226, interest at 2.78%, maturing on April 1, 2031	589,720	660,192
Anson House 2nd mortgage held with RBC, payable in blended monthly installments of \$1,849, interest at 2.91%, maturing on April 1, 2026	348,030	358,964
Saunders Court 2nd mortgage held with RBC payable in blended monthly installments of \$2,134, interest at 2.91%, maturing on April 1, 2026	417,113	430,217
	41,004,951	16,656,581

(b) Interest paid during the year on long term debt amounted to \$789,665 (2022 - \$463,631).

(c) The long term debt reported in (a) of this note is repayable based on current terms as follows:

	Principal \$	Interest \$	Total \$
2024	1,111,199	1,337,983	2,449,182
2025	1,058,897	1,483,052	2,541,949
2026	1,095,057	1,446,892	2,541,949
2027	1,132,543	1,409,134	2,541,677
2028	1,143,469	1,371,005	2,514,474
2029 and subsequent years	35,463,786	28,606,624	64,070,410
	41,004,951	35,654,690	76,659,641

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 10. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS

Certain employees of the Corporation are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit.

The Corporation's required contributions to OMERS in 2023 were \$212,081 (2022 - \$173,025).

As a schedule II WSIB employer, the Corporation has a liability related to future WSIB claims which was actuarially determined. The value of this liability has been assessed by an actuary as at December 31, 2023 to be \$165,975 (2022 - \$153,946) and may require funding in future periods.

The actuarial valuation as at December 31, 2023 was based on a number of assumptions about future events, such as inflation rates and interest rates. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group. The assumptions used reflect management's best estimate.

### 11. BUDGET FIGURES

The budget, approved by the Corporation, for 2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Debt. The budget 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

### 12. INTER-ENTITY TRANSACTIONS

The Corporation recognized subsidies from the City of Peterborough, its sole shareholder, in the amount of \$10,048,114 (2022 - \$7,018,210). As disclosed in note 9, the Corporation has a \$6,500,000 debenture from the City of Peterborough which has been recorded at the exchange value. During the year, the Corporation made payments to the City of Peterborough in the amounts of \$2,006,691 (2022 - \$1,933,876) for property taxes, \$112,907 (2022 - \$456,201) for interest on the short term loan, \$45,453 (2022 - \$45,811) for waste pick up fees and \$76,689 (2022 - \$73,432) for information technology maintenance services.

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 13. TANGIBLE CAPITAL ASSETS

The net book value of the tangible capital assets are:

	2023	2022
	\$	\$
General		
Land	11,010,425	11,111,845
Buildings	108,417,132	38,510,826
Building improvements	1,043,982	1,090,545
Equipment, furniture and fixtures	360,200	204,661
	120,831,739	50,917,877
Assets under construction	-	29,791,739
	120,831,739	80,709,616

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

During the period there were no write-downs (2022 - \$Nil) and interest capitalized of \$752,483 (2022 - \$386,391).

Tangible capital assets allocated by segment are as follows:

	2023	2022
	\$	\$
Community Housing operations	49,574,845	9,535,386
AHP properties	68,706,872	68,569,874
Anishnawbe	338,945	349,117
Spruce Corners	101,716	123,347
Sunshine Homes	2,109,361	2,131,892
	120,831,739	80,709,616

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 14. ASSET RETIREMENT OBLIGATION

The Corporation's asset retirement obligation consists of the following:

(a) Asbestos obligation

The Corporation owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Corporation recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023. The buildings are expected to reach the end of their useful life in 20 years. Estimated costs have been discounted to the present value using a discount rate of 3.90% per annum.

Changes to the asset retirement obligation in the year are as follows:

	Asbestos removal \$
<b>Asset Retirement Obligation</b>	
Opening balance - January 1, 2023	42,461,668
Accretion expense	1,656,005
Closing balance	44,117,673

### 15. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2023 \$	2022 \$
<b>Surplus/(Deficit)</b>		
Unfunded employee future benefits	(165,975)	(153,946)
Community Housing operations - note 15(c)	(47,601)	45,869
Capital	4,466,418	3,925,950
Anishnawbe	187,804	177,184
AHP	1,049,583	1,776,522
Spruce Corners	(8,204)	14,743
Rent Supplement	561,713	1,909,923
Sunshine Homes	272,131	217,494
New development	-	(5,078,649)
	6,315,869	2,835,090

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 15. ACCUMULATED SURPLUS, continued

#### Invested In Capital Assets

Tangible capital assets - net book value	120,831,739	80,709,616
Long term debt	(41,004,951)	(16,656,581)
Short term debt and loan advances	-	(24,433,000)
Unfunded asset retirement obligation	(44,117,673)	-

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	35,709,115	39,620,035
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<b>Surplus</b>	42,024,984	42,455,125
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#### Reserve Funds

Community Housing operations - Wind Mobile	22,073	19,727
Anishnawbe capital replacement	139,627	124,016
AHP - note 15(b)	810,436	659,018
Sunshine Homes capital replacement	1,297,737	1,204,393
Spruce Corners capital replacement	5,864	6,398

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<b>Total Reserve Funds</b>	2,275,737	2,013,552
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	44,300,721	44,468,677
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(b) AHP reserve funds include:

	2023	2022
	\$	\$
River Ridge capital replacement	263,914	228,730
Woollen Mill capital replacement	236,981	198,800
Trailview Terrace capital replacement	206,850	180,729
Saunder's Court capital replacement	37,361	26,077
Anson House capital replacement	35,698	24,682
Malcolm Court capital replacement	14,169	-
Gerow capital replacement	9,670	-
Bradburn capital replacement	5,793	-
	810,436	659,018

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(c) Community Housing operations surplus/(deficit) includes:

	2023	2022
	\$	\$
Community housing operations	(107,531)	(13,684)
Finally a Home	59,930	59,553
	(47,601)	45,869

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# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 16. CITY OF PETERBOROUGH SUBSIDIES

City of Peterborough subsidies is comprised of:

	2023	2022
	\$	\$
Anishnawbe - operating	75,000	75,000
Community Housing operations - operating	2,733,363	2,892,750
Capital	4,228,403	1,985,394
Sunshine Homes - operating	674,752	674,273
Rent supplement	1,506,743	1,311,623
Social worker	80,358	79,170
	9,298,619	7,018,210

### 17. OTHER SUBSIDIES

Other subsidies are comprised of the following:

	2023	2022
	\$	\$
CMHC funding	845,439	-
Spruce Corners MOHLTC funding	56,357	55,685
Miscellaneous subsidies	81,446	-
Sunshine Homes solar	17,604	18,986
Energy rebates	-	84,000
	1,000,846	158,671

### 18. MATERIALS AND SERVICES

Materials and supplies consist of the following:

	2023	2022
	\$	\$
Repairs and maintenance	1,566,020	1,655,011
Security	146,893	21,119
Grounds	944,534	798,442
	2,657,447	2,474,572

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 19. UTILITIES

Utilities consist of the following:

	2023	2022
	\$	\$
Electricity	1,098,369	1,082,557
Water	690,477	652,324
Fuel	472,609	416,568
	2,261,455	2,151,449

### 20. ADMINISTRATIVE OVERHEAD

Administrative overhead consists of the following:

	2023	2022
	\$	\$
Promotion	82,812	15,105
Bank and collection charges	16,045	15,749
Office	117,150	70,324
Legal fees	41,314	30,108
Audit fees	40,570	32,189
Professional fees	98,742	86,123
Information technology	167,557	135,993
Travel	42,713	26,750
Telephone and telecommunications	51,656	48,027
Memberships	3,330	3,263
	661,889	463,631

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 21. CONTINGENT LIABILITIES

The Corporation, in the course of its operations, has been named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements. The majority of these cases are covered by the Corporation's insurance.

The Corporation has received capital grants from the City of Peterborough that are forgivable over a specified period of time. In order to earn forgiveness, the Corporation must continue to own and operate these properties as affordable housing over the specified period of time, otherwise, the loan is repayable. It is the Corporation's intention to operate these facilities within the conditions of the loan agreements as such these loans are not recorded on the statement of financial position. The Corporation has forgivable loans as follows:

Property & Program	Forgiveness	Completion date	Original Amount \$	Remaining Forgiveness \$
Bradburn House - AHP	25 years	October 1, 2036	2,160,000	1,101,600
Trailview Terrace - Quad - AHP	25 years	January 1, 2035	480,000	211,200
Trailview Terrace - AHP	20 years	January 1, 2030	1,330,000	399,000
Saunder's Court - AHP	20 years	November 1, 2030	798,000	272,650
Home Grown Homes - AHP	20 years	January 2, 2029	280,000	70,000
Anson House - AHP	20 years	August 1, 2029	1,000,000	279,167
Woollen Mill - ARHP	20 years	July 1, 2027	1,450,000	253,750
River Ridge - AHP	20 years	June 1, 2026	2,000,000	241,667
Home Grown Homes - CMHC	8 years	August 29, 2024	26,478	2,207
Hunt Terraces - CMHC	20 years	September 1, 2043	736,724	736,724
			10,261,202	3,567,965

### 22. SEGMENTED INFORMATION

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2. For additional information see the Consolidated Schedule of Segment Disclosure.

#### AHP Fund

Revenues and expenses related to the Corporation of the Affordable Housing Program (AHP) funded properties are charged to this fund. These include properties known as River Ridge, Woollen Mill, Anson House, Saunder's Court, Trailview Terrace, Bradburn House, Home Grown Homes, Gerow Place, Malcolm Court and Hunt Terraces.

#### Anishnawbe Fund

Funds received from the City of Peterborough and tenants for the operation of the units of the Anishnawbe properties are charged to this fund. All expenses incurred to operate the units are also charged to this fund.

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 22. SEGMENTED INFORMATION, continued

#### **Spruce Corners Fund**

Funds received from the Ministry of Health and Long Term Care and tenants for the operation of the units of Spruce Corners are charged to this fund. All expenses incurred to operate the units are also charged to this fund.

#### **Sunshine Homes Fund**

Funds received from the City of Peterborough, Ontario Power Authority and tenants for the operation of the units of the Sunshine Homes properties are charged to this fund. All expenses incurred to operate the units are also charged to this fund.

#### **Capital Fund**

Funds received from the City of Peterborough for capital expenditures are accounted for in the Capital Fund. Preventative maintenance expenses are charged to this fund.

#### **Rent Supplement Fund**

Funds received from the City of Peterborough to provide rent supplement under the rent supplement program are accounted for in the Rent Supplement Fund. Rent supplement expenses are charged to this fund. Peterborough Housing Corporation will transfer administration of rent supplement back to the City of Peterborough as of April 1, 2024.

#### **Community Housing Operations Fund**

All mandated Community Housing responsibilities and activities not included in any of the other funds and Finally A Home are accounted for in this fund.

#### **New Development Fund**

Funds received from the City of Peterborough, Township of Havelock-Belmont-Methuen, and Canada Mortgage and Housing Corporation for new development expenditures are accounted for in the New Development Fund.

### 23. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

# PETERBOROUGH HOUSING CORPORATION

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2023

	General					Totals
	Land	Buildings	Building Improvements	Equipment, furniture and fixtures	Assets Under Construction	
	\$	\$	\$	\$	\$	\$
<b>COST</b>						
Balance, beginning of year	11,111,845	88,873,362	1,629,453	972,535	29,791,739	132,378,934
Add: additions during the year	-	31,682,087	-	238,930	(29,791,739)	2,129,278
Less: disposals during the year	101,420	142,391	-	-	-	243,811
Asset retirement obligation	-	42,461,668	-	-	-	42,461,668
Balance, end of year	11,010,425	162,874,726	1,629,453	1,211,465	-	176,726,069
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	-	50,362,536	538,908	767,874	-	51,669,318
Add: additions during the year	-	4,198,971	46,563	83,391	-	4,328,925
Less: disposals during the year	-	103,913	-	-	-	103,913
Balance, end of year	-	54,457,594	585,471	851,265	-	55,894,330
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	11,010,425	108,417,132	1,043,982	360,200	-	120,831,739

# PETERBOROUGH HOUSING CORPORATION

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

	AHP \$	Anishnawbe \$	Spruce Corners \$	Sunshine Homes \$	Capital \$	Rent Supplement \$	Community Housing Operations \$	Consolidated \$
<b>Revenues</b>								
Rent	3,518,142	35,773	47,753	640,220	-	-	4,446,972	8,688,860
City of Peterborough subsidy	-	75,000	-	674,752	1,195,190	1,506,743	5,846,934	9,298,619
Laundry and miscellaneous recoveries	286,047	19,855	49,625	10,160	-	-	141,509	507,196
Other subsidies	41,630	1,192	56,357	17,604	-	-	884,063	1,000,846
Management fees	(69,386)	(861)	(1,378)	(18,945)	-	-	151,259	60,689
Interfunctional rental fees	59,364	-	-	-	-	-	(59,364)	-
Investment income	45,069	5,423	496	46,577	30,384	11,453	290,389	429,791
Interest on loans receivable	47,230	-	-	-	-	-	-	47,230
Gain on sales of tangible capital assets	-	-	-	-	-	-	1,034,402	1,034,402
<b>Total revenues</b>	<b>3,928,096</b>	<b>136,382</b>	<b>152,853</b>	<b>1,370,368</b>	<b>1,225,574</b>	<b>1,518,196</b>	<b>12,736,164</b>	<b>21,067,633</b>
<b>Expenses</b>								
Materials and services	839,913	30,910	40,260	161,528	-	-	1,584,836	2,657,447
Utilities	618,321	18,477	15,194	35,035	-	-	1,574,428	2,261,455
Administrative overhead	109,978	750	4,196	12,749	-	-	534,216	661,889
Bad debts	9,023	2,541	-	8,977	-	-	108,134	128,675
Insurance	135,484	2,115	2,378	35,445	-	-	306,998	482,420
Salaries and benefits	872,020	7,756	26,678	170,641	-	-	2,183,738	3,260,833
Property taxes	365,906	10,096	4,093	264,747	-	-	1,656,444	2,301,286
Major repairs	122,940	8,783	19,750	56,408	685,106	-	-	892,987
Interest on long-term debt	872,098	10,580	4,140	6,207	-	-	-	893,025
Rent supplements	-	-	-	-	-	1,321,327	-	1,321,327
Food services	352,825	-	36,490	-	-	-	-	389,315
Amortization of capital assets	1,910,297	10,172	21,831	128,689	-	-	2,257,936	4,328,925
Accretion	-	-	-	4,140	-	-	1,651,865	1,656,005
<b>Total expenses</b>	<b>6,208,805</b>	<b>102,180</b>	<b>175,010</b>	<b>884,566</b>	<b>685,106</b>	<b>1,321,327</b>	<b>11,858,595</b>	<b>21,235,589</b>
<b>Net surplus/(deficit)</b>	<b>(2,280,709)</b>	<b>34,202</b>	<b>(22,157)</b>	<b>485,802</b>	<b>540,468</b>	<b>196,869</b>	<b>877,569</b>	<b>(167,956)</b>

# PETERBOROUGH HOUSING CORPORATION

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	AHP \$	Anishnawbe \$	Spruce Corners \$	Sunshine Homes \$	Capital \$	Rent Supplement \$	Community Housing Operations \$	Consolidated \$
<b>Revenues</b>								
Rent	2,942,786	37,716	45,663	590,027	-	-	4,325,499	7,941,691
City of Peterborough subsidy	-	75,000	-	674,273	1,985,394	1,311,623	2,971,920	7,018,210
Laundry and miscellaneous recoveries	85,992	512	31,092	26,225	-	-	158,766	302,587
Other subsidies	24,000	-	55,685	18,986	-	-	60,000	158,671
Management fees	(77,135)	(1,358)	(2,173)	(29,876)	-	-	145,542	35,000
Interfunctional rental fees	58,344	-	-	-	-	-	(58,344)	-
Investment income	16,517	2,789	160	28,284	28,131	11,001	106,801	193,683
Interest on loans receivable	53,023	-	-	-	-	-	-	53,023
Gain on sales of tangible capital assets	-	-	-	-	-	-	1,015,581	1,015,581
<b>Total revenues</b>	<b>3,103,527</b>	<b>114,659</b>	<b>130,427</b>	<b>1,307,919</b>	<b>2,013,525</b>	<b>1,322,624</b>	<b>8,725,765</b>	<b>16,718,446</b>
<b>Expenses</b>								
Materials and services	655,643	12,172	32,234	208,931	-	-	1,565,592	2,474,572
Utilities	504,942	18,703	15,959	22,777	-	-	1,589,068	2,151,449
Administrative overhead	35,672	1,064	4,080	12,317	-	-	410,498	463,631
Bad debts	5,500	1,100	-	4,331	-	-	85,792	96,723
Insurance	89,075	1,937	2,132	30,650	-	-	296,086	419,880
Salaries and benefits	623,740	6,466	23,680	142,246	-	-	2,064,272	2,860,404
Property taxes	243,132	9,749	3,966	255,421	-	-	1,624,331	2,136,599
Major repairs	6,106	-	4,401	87,230	823,296	-	-	921,033
Interest on long-term debt	560,594	6,434	2,742	14,866	-	-	381	585,017
Rent supplements	-	-	-	-	-	1,406,442	-	1,406,442
Food services	-	-	34,924	-	-	-	-	34,924
Amortization of capital assets	1,419,418	10,618	21,831	123,381	-	-	130,318	1,705,566
<b>Total expenses</b>	<b>4,143,822</b>	<b>68,243</b>	<b>145,949</b>	<b>902,150</b>	<b>823,296</b>	<b>1,406,442</b>	<b>7,766,338</b>	<b>15,256,240</b>
<b>Net surplus/(deficit)</b>	<b>(1,040,295)</b>	<b>46,416</b>	<b>(15,522)</b>	<b>405,769</b>	<b>1,190,229</b>	<b>(83,818)</b>	<b>959,427</b>	<b>1,462,206</b>

# PETERBOROUGH HOUSING CORPORATION

## CONSOLIDATED CONTINUITY OF SURPLUS/(DEFICIT) AND RESERVE FUNDS For the Year Ended December 31, 2023

	AHP \$	Anishnawbe \$	Spruce Corners \$	Sunshine Homes \$	Capital \$	Rent Supplement \$	Community Housing Operations \$	New Development \$	Consolidated \$
<b>Surplus/(Deficit)</b>									
Net surplus/(deficit)	(2,280,709)	34,202	(22,157)	485,802	540,468	196,869	877,569	-	(167,956)
Add: Amortization	1,910,297	10,172	21,831	128,689	-	-	2,257,936	-	4,328,925
Net proceeds on short and long term debt	-	-	-	-	-	-	-	1,157,900	1,157,900
Accretion expense	-	-	-	4,140	-	-	1,651,865	-	1,656,005
Unfunded employee future benefits	2,731	30	108	669	-	-	8,491	-	12,029
Less: Debt principal repayments	(729,775)	(18,173)	(23,263)	(471,319)	-	-	-	-	(1,242,530)
Net transfer from/(to) Capital	(55,205)	-	-	-	-	-	57,088	(1,991,263)	(1,989,380)
Net transfer from/(to) Reserve Funds	(151,418)	(15,611)	534	(93,344)	-	-	(2,346)	-	(262,185)
Internal transfers	577,140	-	-	-	-	(1,545,079)	(4,944,073)	5,912,012	-
<b>Change in Surplus/(Deficit)</b>	(726,939)	10,620	(22,947)	54,637	540,468	(1,348,210)	(93,470)	5,078,649	3,492,808
<b>Opening Surplus/(Deficit)</b>	1,776,522	177,184	14,743	217,494	3,925,950	1,909,923	45,869	(5,078,649)	2,989,036
<b>Closing Surplus/(Deficit)</b>	1,049,583	187,804	(8,204)	272,131	4,466,418	561,713	(47,601)	-	6,481,844
<b>Reserve Funds</b>									
Add: Interest	45,068	5,423	497	46,577	-	-	-	-	97,565
Transfer from Operations	106,350	15,000	1,719	103,175	-	-	2,346	-	228,590
Funding	-	-	17,000	-	-	-	-	-	17,000
Less: Transfer to Operations	-	(4,812)	(19,750)	(56,408)	-	-	-	-	(80,970)
<b>Change in Reserve Funds</b>	151,418	15,611	(534)	93,344	-	-	2,346	-	262,185
<b>Opening Reserve Funds</b>	659,018	124,016	6,398	1,204,393	-	-	19,727	-	2,013,552
<b>Closing Reserve Funds</b>	810,436	139,627	5,864	1,297,737	-	-	22,073	-	2,275,737



# PETERBOROUGH HOUSING CORPORATION

## CONSOLIDATED SCHEDULE OF OPERATIONS FOR AHP PROPERTIES For the Year Ended December 31, 2023

	River Ridge \$	Woollen Mill \$	Anson House \$	Saunders Court \$	Trailview Terrace \$	Bradburn House \$	Home Grown Homes \$	Malcolm Court \$	Gerow Havelock \$	Hunt Terraces \$	Total \$
<b>Revenues</b>											
Rent	534,155	542,717	243,841	243,234	444,656	137,837	107,615	492,047	306,084	465,956	3,518,142
Laundry and miscellaneous recoveries	(385)	19,423	2,248	4,314	8,891	22,109	-	12,361	6,789	210,297	286,047
Other subsidies	6,059	14,579	6,766	-	-	6,328	783	7,115	-	-	41,630
Management fees	(8,581)	(10,303)	(5,295)	(5,984)	(10,117)	(3,100)	(1,378)	(5,856)	(4,133)	(14,639)	(69,386)
Interfunctional rental fees	-	52,020	-	-	-	7,344	-	-	-	-	59,364
Investment income	14,064	17,181	1,176	1,526	11,122	-	-	-	-	-	45,069
Interest on loans receivable	-	-	-	16,878	30,352	-	-	-	-	-	47,230
<b>Total revenues</b>	<b>545,312</b>	<b>635,617</b>	<b>248,736</b>	<b>259,968</b>	<b>484,904</b>	<b>170,518</b>	<b>107,020</b>	<b>505,667</b>	<b>308,740</b>	<b>661,614</b>	<b>3,928,096</b>
<b>Expenses</b>											
Materials and services	55,016	90,049	54,381	53,938	83,657	45,977	10,453	130,438	114,949	201,055	839,913
Utilities	137,541	113,886	38,214	25,485	39,300	28,635	12,254	36,814	73,448	112,744	618,321
Administrative overhead	2,367	5,707	2,161	2,907	7,011	2,244	919	15,628	5,227	65,807	109,978
Bad debts	2,511	3,138	1,332	383	689	230	-	434	306	-	9,023
Insurance	12,581	15,925	8,310	10,420	17,643	6,154	3,013	14,424	9,947	37,067	135,484
Salaries and benefits	62,051	128,242	61,236	71,810	144,048	59,300	12,410	97,227	70,544	165,152	872,020
Property taxes	63,982	3,136	43,577	50,281	46,864	20,681	16,899	44,717	32,458	43,311	365,906
Major repairs	23,164	29,744	25,520	-	13,349	24,058	2,610	3,182	1,313	-	122,940
Interest on long-term debt	24,289	50,570	50,517	93,528	162,117	12,867	12,061	105,043	100,312	260,794	872,098
Amortization of capital assets	139,503	195,283	93,781	134,951	200,429	83,180	27,339	339,078	227,357	469,396	1,910,297
Food services	-	-	-	-	-	-	-	-	-	352,825	352,825
<b>Total expenses</b>	<b>523,005</b>	<b>635,680</b>	<b>379,029</b>	<b>443,703</b>	<b>715,107</b>	<b>283,326</b>	<b>97,958</b>	<b>786,985</b>	<b>635,861</b>	<b>1,708,151</b>	<b>6,208,805</b>
<b>Net surplus/(deficit)</b>	<b>22,307</b>	<b>(63)</b>	<b>(130,293)</b>	<b>(183,735)</b>	<b>(230,203)</b>	<b>(112,808)</b>	<b>9,062</b>	<b>(281,318)</b>	<b>(327,121)</b>	<b>(1,046,537)</b>	<b>(2,280,709)</b>

# PETERBOROUGH HOUSING CORPORATION

## CONSOLIDATED SCHEDULE OF OPERATIONS FOR AHP PROPERTIES For the Year Ended December 31, 2022

	River Ridge \$	Woollen Mill \$	Anson House \$	Saunders Court \$	Trailview Terrace \$	Bradburn House \$	Home Grown Homes \$	Malcom Court \$	Gerow Havelock \$	Total \$
<b>Revenues</b>										
Rent	515,361	516,019	232,791	231,770	428,217	136,884	105,934	477,709	298,101	2,942,786
Laundry and miscellaneous recoveries	1,362	20,495	31,642	4,197	9,764	639	2,571	9,900	5,422	85,992
Other subsidies	-	-	-	-	-	-	-	-	24,000	24,000
Management fees	(10,864)	(13,580)	(7,062)	(8,148)	(14,667)	(4,889)	(2,173)	(9,234)	(6,518)	(77,135)
Interfunctional rental fees	-	51,000	-	-	-	7,344	-	-	-	58,344
Investment income	5,105	6,306	456	592	4,058	-	-	-	-	16,517
Interest on loans receivable	-	-	-	18,678	34,345	-	-	-	-	53,023
<b>Total revenues</b>	<b>510,964</b>	<b>580,240</b>	<b>257,827</b>	<b>247,089</b>	<b>461,717</b>	<b>139,978</b>	<b>106,332</b>	<b>478,375</b>	<b>321,005</b>	<b>3,103,527</b>
<b>Expenses</b>										
Materials and services	73,871	107,709	71,159	85,245	59,312	35,749	10,620	120,104	91,874	655,643
Utilities	133,485	104,542	36,386	22,972	38,973	28,467	11,733	57,925	70,459	504,942
Administrative overhead	3,199	4,481	3,236	2,606	6,587	2,515	2,763	5,823	4,462	35,672
Bad debts	2,000	2,500	1,000	-	-	-	-	-	-	5,500
Insurance	11,329	14,350	7,489	9,440	15,922	5,570	2,741	13,215	9,019	89,075
Salaries and benefits	51,726	113,044	63,336	70,554	127,666	37,399	10,345	86,810	62,860	623,740
Property taxes	46,548	2,902	42,267	48,770	31,927	20,060	16,391	1,486	32,781	243,132
Major repairs	-	6,106	-	-	-	-	-	-	-	6,106
Interest on long-term debt	27,119	55,320	29,660	94,799	169,475	13,638	12,545	74,033	84,005	560,594
Amortization of capital assets	139,753	189,378	92,322	134,951	199,402	79,288	25,647	337,492	221,185	1,419,418
<b>Total expenses</b>	<b>489,030</b>	<b>600,332</b>	<b>346,855</b>	<b>469,337</b>	<b>649,264</b>	<b>222,686</b>	<b>92,785</b>	<b>696,888</b>	<b>576,645</b>	<b>4,143,822</b>
<b>Net surplus/(deficit)</b>	<b>21,934</b>	<b>(20,092)</b>	<b>(89,028)</b>	<b>(222,248)</b>	<b>(187,547)</b>	<b>(82,708)</b>	<b>13,547</b>	<b>(218,513)</b>	<b>(255,640)</b>	<b>(1,040,295)</b>

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## **REPORT ON SUPPLEMENTARY MATTERS ARISING FROM AN AUDIT ENGAGEMENT**

### **To the Ministry of Health and Long-Term Care**

In accordance with the project operating agreement with the Ministry of Health and Long-Term Care, we have been engaged to report the financial results of Spruce Corners as at and for the year ended December 31, 2023 (the "other reporting responsibility"). This other reporting responsibility relates to our audit of the consolidated financial statements of Peterborough Housing Corporation (PHC) as at December 31, 2023 on which we issued our report dated August 29, 2024. We prepared the supplementary matter.

This report has been prepared in accordance with Canadian Standard on Related Services (CSRS) 4460, Reports on Supplementary matters Arising from an Audit or a Review Engagement. Our responsibility is to report on the supplementary matter. This standard requires us to comply with ethical requirements and to plan and perform procedures to address the other reporting responsibility. The procedures were selected based on our professional judgment to enable us to form a basis for this report. The procedures vary in nature from, and are less in extent than for, those required when providing an audit opinion or a review conclusion. Users are cautioned that the procedures performed may not be suitable for their purposes.

Accordingly, we do not express an audit opinion or a review conclusion on the supplementary matter.

In response to the other reporting responsibility, the financial results of Spruce Corners as at and for the year ended December 31, 2023 are provided in the attached Spruce Corners statements of financial position and operations and the related notes.

This report is intended solely for use by Ministry of Health and Long-Term Care and should not be used by other parties.

### ***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 29, 2024

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*Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.*

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# PETERBOROUGH HOUSING CORPORATION

## SPRUCE CORNERS STATEMENT OF FINANCIAL POSITION At December 31, 2023

	General Fund \$	Capital Fund \$	2023 Total \$	2022 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	-	10,878	10,878	8,662
Due from/(to) PHC	(18,366)	(5,014)	(23,380)	2,430
Tangible capital assets (note 2)	103,182	-	103,182	126,445
	84,816	5,864	90,680	137,537
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Mortgage payable	102,066	-	102,066	125,329
<b>FUND BALANCES</b>	(17,250)	5,864	(11,386)	12,208
	84,816	5,864	90,680	137,537

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH HOUSING CORPORATION

## SPRUCE CORNERS

### STATEMENT OF OPERATIONS

For the Year Ended December 31, 2023

	General Fund \$	Capital Fund \$	2023 Total \$	2022 Total \$
<b>RECEIPTS</b>				
Ministry of Health and Long-Term Care	54,638	1,719	56,357	55,685
Rent	47,753	-	47,753	45,663
Other	32,625	17,000	49,625	31,092
Interest	-	497	497	160
	135,016	19,216	154,232	132,600
<b>EXPENSES</b>				
Salaries and benefits	26,678	-	26,678	23,680
Management fee	1,378	-	1,378	2,173
Administration	4,196	-	4,196	4,080
Maintenance materials and services	40,266	-	40,266	32,233
Property taxes	4,093	-	4,093	3,966
Insurance	2,378	-	2,378	2,132
Utilities	15,194	-	15,194	15,959
Food	36,490	-	36,490	34,924
Interest	4,140	-	4,140	2,742
Amortization	23,263	-	23,263	23,690
Major repairs	-	19,750	19,750	4,401
	158,076	19,750	177,826	149,980
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) FOR THE YEAR</b>	(23,060)	(534)	(23,594)	(17,380)
<b>FUND BALANCES - beginning of year</b>	5,810	6,398	12,208	29,588
<b>FUND BALANCES - end of year</b>	(17,250)	5,864	(11,386)	12,208

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES

This supplementary financial information has been prepared in accordance with Canadian Public Sector Accounting Standards, except for:

- (a) Amortization is not provided on the building over the estimated useful life of the asset but rather at a rate equal to the annual principal reduction of the mortgage on the property;
- (b) Amortization is provided on land proportionally equal to the annual principal reduction of the mortgage on the property rather than not being amortized; and
- (c) Tangible capital assets purchased after the original interest adjustment date are charged to operations of the appropriate fund in the year the expense was incurred rather than being capitalized on the statement of financial position and amortized over their useful lives.

### 2. TANGIBLE CAPITAL ASSETS

	2023	2022
	\$	\$
Cost		
Land	33,831	33,831
Building	322,285	322,285
	356,116	356,116
Less: accumulated amortization	(252,934)	(229,671)
	103,182	126,445

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## **REPORT ON SUPPLEMENTARY MATTERS ARISING FROM AN AUDIT ENGAGEMENT**

### **To the City of Peterborough**

In accordance with the project operating agreement with the City of Peterborough, we have been engaged to report the financial results of Sunshine Homes as at and for the year ended December 31, 2023 (the "other reporting responsibility"). This other reporting responsibility relates to our audit of the consolidated financial statements of Peterborough Housing Corporation (PHC) as at December 31, 2023 on which we issued our report dated August 29, 2024. We prepared the supplementary matter.

This report has been prepared in accordance with Canadian Standard on Related Services (CSRS) 4460, Reports on Supplementary matters Arising from an Audit or a Review Engagement. Our responsibility is to report on the supplementary matter. This standard requires us to comply with ethical requirements and to plan and perform procedures to address the other reporting responsibility. The procedures were selected based on our professional judgment to enable us to form a basis for this report. The procedures vary in nature from, and are less in extent than for, those required when providing an audit opinion or a review conclusion. Users are cautioned that the procedures performed may not be suitable for their purposes.

Accordingly, we do not express an audit opinion or a review conclusion on the supplementary matter.

In response to the other reporting responsibility, the financial results of Sunshine Homes as at and for the year ended December 31, 2023 are provided in the attached Sunshine Homes statements of financial position and operations and the related notes.

This report is intended solely for use by The City of Peterborough and should not be used by other parties.

### ***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 29, 2024

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# PETERBOROUGH HOUSING CORPORATION

## SUNSHINE HOMES STATEMENT OF FINANCIAL POSITION At December 31, 2023

	General Fund \$	Capital Fund \$	2023 Total \$	2022 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	-	563,848	563,848	454,465
Investments	-	951,613	951,613	997,137
Due from PHC	139,976	-	139,976	-
Tangible capital assets (note 2)	119,265	-	119,265	590,585
Due from (to) other fund	217,724	(217,724)	-	-
Due from the City of Peterborough	62,646	-	62,646	62,471
	539,611	1,297,737	1,837,348	2,104,658
<b>LIABILITIES AND TRUST FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Due to the City of Peterborough	152,000	-	152,000	75,000
Mortgage payable	119,265	-	119,265	590,585
Due to PHC	-	-	-	20,302
	271,265	-	271,265	685,887
<b>FUND BALANCE</b>	268,346	1,297,737	1,566,083	1,418,771
	539,611	1,297,737	1,837,348	2,104,658

The accompanying notes are an integral part of these financial statements



# PETERBOROUGH HOUSING CORPORATION

## SUNSHINE HOMES

### STATEMENT OF OPERATIONS

For the Year Ended December 31, 2023

	General Fund \$	Capital Fund \$	2023 Total \$	2022 Total \$
<b>RECEIPTS</b>				
City of Peterborough	589,181	85,571	674,752	674,273
Rent	640,220	-	640,220	590,027
Ontario Power Authority solar	-	17,604	17,604	18,986
Other	10,160	-	10,160	26,225
Interest	-	46,577	46,577	28,284
	1,239,561	149,752	1,389,313	1,337,795
<b>EXPENSES</b>				
Salaries and benefits	170,641	-	170,641	142,246
Administration	40,671	-	40,671	47,571
Maintenance materials and services	161,528	56,408	217,936	295,113
Property taxes	264,747	-	264,747	255,421
Insurance	35,445	-	35,445	30,650
Utilities	35,035	-	35,035	22,777
Interest	6,207	-	6,207	14,866
Amortization	471,319	-	471,319	462,674
	1,185,593	56,408	1,242,001	1,271,318
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	53,968	93,344	147,312	66,477
<b>FUND BALANCES - beginning of year</b>	214,378	1,204,393	1,418,771	1,352,294
<b>FUND BALANCES - end of year</b>	268,346	1,297,737	1,566,083	1,418,771

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH HOUSING CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES

This supplementary financial information has been prepared in accordance with Canadian Public Sector Accounting Standards, except for:

- (a) Amortization is not provided on the building over the estimated useful life of the asset but rather at a rate equal to the annual principal reduction of the mortgage on the property;
- (b) Amortization is provided on land proportionally equal to the annual principal reduction of the mortgage on the property rather than not being amortized; and
- (c) Tangible capital assets purchased after the original interest adjustment date are charged to operations of the appropriate fund in the year the expense was incurred rather than being capitalized on the statement of financial position and amortized over their useful lives.

### 2. TANGIBLE CAPITAL ASSETS

The net book value of Sunshine's tangible capital assets are:

	2023	2022
	\$	\$
Cost		
Land	898,085	898,085
Building	7,709,440	7,709,440
Equipment, furniture and fixtures	126,620	126,620
	8,734,145	8,734,145
Less: accumulated amortization	(8,614,880)	(8,143,560)
	119,265	590,585

**FAIRHAVEN**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**FAIRHAVEN**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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## **FAIRHAVEN**

**For The Year Ended December 31, 2023**

### **MANAGEMENT REPORT**

The accompanying financial statements of Fairhaven are the responsibility of management and have been approved by the Board of Directors.

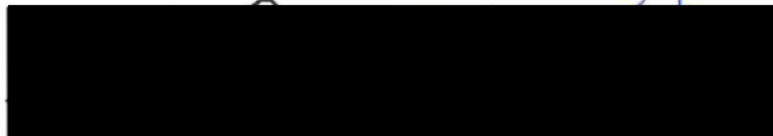
The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it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

Fairhaven 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 Fairhaven's assets are appropriately accounted for and adequately safeguarded.

Fairhaven's Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

The Board of Directors reviews and approves Fairhaven's financial statements for issuance to the members of Fairhaven. The Board of Directors meets periodically with management, as well as the external auditor, 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 financial statements and the independent auditor's report.

The financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of Fairhaven. Baker Tilly KDN LLP has full and free access to the Board of Directors.



June 12, 2024

Chairperson

Executive Director



**Baker Tilly KDN LLP**  
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## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of the Board of Directors of the  
Fairhaven**

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### *Opinion*

We have audited the financial statements of Fairhaven, which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fairhaven as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fairhaven in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Fairhaven's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fairhaven or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fairhaven's financial reporting process.

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Peterborough

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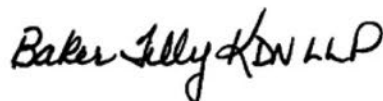
### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fairhaven's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fairhaven's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fairhaven to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 12, 2024

# FAIRHAVEN

## STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>		
Cash	8,259,467	5,667,367
Investments (note 3)	737,613	709,623
Fees receivable from residents	484,390	431,499
Provincial subsidies receivable	-	1,723,165
Sundry receivables	586,275	402,909
<b>TOTAL FINANCIAL ASSETS</b>	<b>10,067,745</b>	<b>8,934,563</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	2,429,882	1,852,627
Provincial subsidies repayable	713,272	-
Employee future benefits (note 7)	4,871,077	4,646,880
<b>TOTAL LIABILITIES</b>	<b>8,014,231</b>	<b>6,499,507</b>
<b>NET FINANCIAL ASSETS</b>	<b>2,053,514</b>	<b>2,435,056</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	10,264,202	9,471,753
Prepaid expenses	95,016	63,331
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>10,359,218</b>	<b>9,535,084</b>
<b>ACCUMULATED SURPLUS (note 10)</b>	<b>12,412,732</b>	<b>11,970,140</b>

The accompanying notes are an integral part of these financial statements



# FAIRHAVEN

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>REVENUES</b>			
Fees from residents	6,438,272	6,017,163	5,383,717
Province of Ontario	22,107,969	22,562,767	23,989,072
City of Peterborough (note 11)	1,550,000	1,758,212	1,147,505
County of Peterborough (note 11)	775,000	879,107	583,211
Investment income	100,000	283,378	129,219
<b>TOTAL REVENUES</b>	<b>30,971,241</b>	<b>31,500,627</b>	<b>31,232,724</b>
<b>EXPENSES</b>			
Program services	1,558,069	1,229,013	904,220
Nutritional services	3,242,573	3,322,520	3,218,129
Nursing services	18,855,107	19,754,186	18,872,100
Housekeeping services	925,971	1,188,229	1,304,178
Laundry services	416,989	557,068	530,240
Building and property	2,037,697	1,970,785	1,602,353
General administration	2,754,835	2,021,105	3,314,853
Amortization	1,000,000	1,015,129	1,183,966
<b>TOTAL EXPENSES</b>	<b>30,791,241</b>	<b>31,058,035</b>	<b>30,930,039</b>
<b>ANNUAL SURPLUS</b>	<b><u>180,000</u></b>	<b>442,592</b>	<b>302,685</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>11,970,140</b>	<b>11,667,455</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>12,412,732</b>	<b>11,970,140</b>

The accompanying notes are an integral part of these financial statements

# FAIRHAVEN

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>ANNUAL SURPLUS</b>	180,000	442,592	302,685
Amortization of tangible capital assets	1,000,000	1,015,129	1,183,966
Purchase of tangible capital assets	(2,180,000)	(1,807,578)	(766,273)
Change in prepaid expenses	-	(31,685)	(3,209)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(1,000,000)	(381,542)	717,169
<b>NET FINANCIAL ASSETS - beginning of year</b>	2,435,056	2,435,056	1,717,887
<b>NET FINANCIAL ASSETS - end of year</b>	1,435,056	2,053,514	2,435,056

The accompanying notes are an integral part of these financial statements

# FAIRHAVEN

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	442,592	302,685
Items not involving cash		
Amortization of tangible capital assets	1,015,129	1,183,966
Change in employee future benefits	224,197	1,403,094
Change in non-cash assets and liabilities		
Fees receivable from residents	(52,891)	10,176
Provincial subsidies receivable	1,723,165	(1,355,853)
Sundry receivables	(183,366)	(179,151)
Prepaid expenses	(31,685)	(3,209)
Accounts payable and accrued liabilities	577,255	589,841
Provincial subsidies repayable	713,272	-
Net change in cash from operating activities	4,427,668	1,951,549
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(1,807,578)	(766,273)
<b>INVESTING ACTIVITIES</b>		
Maturity of investments	207,010	663,211
Purchase of investments	(235,000)	(715,278)
Net change in cash from investing activities	(27,990)	(52,067)
<b>NET CHANGE IN CASH</b>	2,592,100	1,133,209
<b>CASH - beginning of year</b>	5,667,367	4,534,158
<b>CASH - end of year</b>	8,259,467	5,667,367

The accompanying notes are an integral part of these financial statements



# FAIRHAVEN

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 1. NATURE OF ORGANIZATION

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

#### (a) Reporting entity

These financial statements reflect the assets, liabilities, revenues and 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 Fairhaven and which are owned and controlled by Fairhaven.

#### (b) Trust funds

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

#### (c) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	20 to 30 years
Buildings	15 to 50 years
Machinery and equipment	4 to 15 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

#### (d) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by Fairhaven because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of Fairhaven unless they are sold.

# FAIRHAVEN

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (e) Use of estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on Fairhaven's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Fairhaven's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values;
- The values of employee future benefits depend on certain actuarial and economic assumptions; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

#### (f) Recognition of revenues and expenses

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

##### Government Funding

Revenues from Provincial subsidies arise from claims for allowable operating costs and are included as revenue in the year of the claim. The reimbursement for these costs is dependant upon their acceptance by the Province.

Funding from the City of Peterborough and County of Peterborough is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

##### Other revenue

Fees from residents are recorded in the period in which the residents utilized the services of Fairhaven.

Investment income is recorded when earned.

#### (g) Reserves

Certain amounts, as approved by the Board of Directors, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.



# FAIRHAVEN

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (h) Financial instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments	Amortized Cost
Fees receivable from residents	Amortized Cost
Provincial subsidies receivable/payable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Fair value category: The Fairhaven manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

# FAIRHAVEN

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (i) Inter-entity transactions

Fairhaven is a joint board of the City and County of Peterborough.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of Fairhaven.

### 3. INVESTMENTS

Investments totaling \$737,613 (2022 - \$709,623) are recorded at amortized cost. These investments consist of Guaranteed Investment Certificates with interest rates from 4.46% to 5.42% and maturities ranging from July 25, 2024 to August 11, 2025.

### 4. TANGIBLE CAPITAL ASSETS

The net book value of Fairhaven's tangible capital assets are:

	2023	2022
	\$	\$
General		
Land improvements	503,635	496,814
Buildings	7,430,089	7,774,124
Machinery and equipment	1,588,430	1,200,815
Assets under construction	742,048	-
	10,264,202	9,471,753

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

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

### 5. COMMITMENT

During 2023, Fairhaven awarded a contract for \$956,168 plus applicable taxes to complete phase 2 of the roof replacement. This contract will begin in 2024.

### 6. TRUST FUNDS

Trust funds administered by Fairhaven amounting to \$76,672 (2022 - \$81,631) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. Balances are held in trust by Fairhaven for the benefit of others, and as such they are not presented as part of Fairhaven's financial position or operations.



# FAIRHAVEN

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 7. EMPLOYEE FUTURE BENEFITS

Fairhaven provides certain employee benefits which will require funding in future periods. Under the vested sick-leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they leave Fairhaven's employment. Under the non-vested sick leave plan, unused sick leave of certain employees can accumulate for usage due to illness. With respect to responsibilities under provisions of the Workplace Safety and Insurance Board (WSIB) Act, Fairhaven has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments.

Fairhaven also sponsors benefit plans to pay costs of extended health, vision, and dental benefits for eligible employees after they retire. All benefits are provided upon retirement and continue for a period of 10 years, but not beyond the age of 65, at which time the benefits cease.

	2023	2022
	\$	\$
Future payments required to WSIB	2,098,800	2,096,000
Vested sick leave benefit plan	23,565	51,837
Non-vested sick leave benefit plan	366,600	293,700
Retiree health benefit plan	1,206,200	1,121,000
Vacation pay entitlements	1,175,912	1,084,343
	4,871,077	4,646,880

The WSIB actuarial valuation as at December 31, 2022 was based on a number of assumptions about future events. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows: annual inflation rate of 4.0% for 2024 and decreasing to 2% in 2026 and thereafter, discount rate of 4.6% and an expected increase in the WSIB health escalation rate of 4%.

Details of the WSIB employee future benefits liability are as follows:

	2023	2022
	\$	\$
Accrued benefit obligation at January 1	2,190,600	1,791,900
Unamortized actuarial gains (losses)	(94,600)	332,600
Liability at January 1	2,096,000	2,124,500
Current year benefit cost	411,000	451,400
Interest accrued	108,400	54,200
Amortized actuarial gain	(27,900)	(64,200)
Benefit payments	(488,700)	(469,900)
Liability at December 31	2,098,800	2,096,000



# FAIRHAVEN

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 7. EMPLOYEE FUTURE BENEFITS, continued

The actuarial valuation of the non-vested sick leave benefit and the retiree health benefit plan as at December 31, 2022 was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which was 7 years for the non-vested sick leave plan and 10 years for the retiree benefit plan. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

#### Actuarial assumptions

Expected inflation rate	3.00%
Future health care premiums rates - 2023	7.14%
- decreasing over 20 years to	4.00%

Details of the vested sick leave and retiree health benefit plan are as follows:

	2023	2022
	\$	\$
Accrued benefit obligation at January 1	1,414,700	-
Current year benefit cost	175,000	-
Interest accrued	71,100	-
Benefit payments	(88,000)	-
Transitional obligation	-	1,414,700
Liability at December 31	1,572,800	1,414,700

### 8. PENSION AGREEMENTS

Certain employees of the Fairhaven are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Fairhaven does not recognize any share of the OMERS pension surplus or deficit.

Fairhaven's required contributions to OMERS in 2023 were \$1,123,630 (2022 - \$988,815).

### 9. ECONOMIC DEPENDENCE

A substantial portion of revenue of Fairhaven is derived from subsidy from the Ministry of Health and Long Term Care. The nature and extent of this revenue is of such significance that Fairhaven is economically dependent upon this source of revenue.

# FAIRHAVEN

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 10. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
<b>Surplus/(Deficit)</b>		
Unfunded employee future benefits	(4,871,077)	(4,646,880)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	10,264,202	9,471,753
<b>Surplus</b>	5,393,125	4,824,873
<b>Reserves</b>		
Working capital reserve	7,019,607	7,145,267
	12,412,732	11,970,140

### 11. INTER-ENTITY TRANSACTIONS

During the year, Fairhaven entered into transactions with the City of Peterborough and the County of Peterborough.

As part of the budgeting process, the City and County approve a contribution to Fairhaven which is identified on the Statement of Operations and Accumulated Surplus.

Inter-entity transactions include the City garbage levy in the amount of \$4,997 (2022 - \$9,249).

In addition, the City provides rental of land to Fairhaven at no cost.

### 12. EXPENSES BY OBJECT

The expenses for the year reported on the Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	24,993,971	25,564,673	25,294,417
Materials	3,526,451	3,892,635	3,373,056
Contracted services	1,231,819	1,062,426	1,298,452
Rents and financial	39,000	43,353	36,120
Amortization	1,000,000	1,015,129	1,183,966
Expenditure recoveries	-	(520,181)	(255,972)
	30,791,241	31,058,035	30,930,039



# FAIRHAVEN

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 13. BUDGET FIGURES

The budget, approved by Fairhaven, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budget 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

### 14. CHANGES IN ACCOUNTING POLICIES

Fairhaven has implemented the following PSA sections which are now effective under the PSA Handbook: 1201 Financial Statement Presentation, 3450 Financial Instruments, 2601 Foreign Currency Translation and 3280 Asset Retirement Obligations.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on Fairhaven's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on Fairhaven's financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and Fairhaven's accounting policy choices (see Note 2. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on Fairhaven's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The adoption of this standard did not have an impact on Fairhaven's financial statements.

# FAIRHAVEN

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 15. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in Fairhaven assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. Fairhaven has no significant currency, liquidity, or other risks.

Fairhaven is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management the credit risk exposure to Fairhaven is low and is not material.

### 16. RELATED PARTY TRANSACTIONS

The Fairhaven Foundation has been established to act as a fundraising agent for Fairhaven. Administrative staff of Fairhaven assist with the administrative and accounting activities of the Fairhaven Foundation. The accounting and administrative fees charged during the year to the Foundation are \$2,400 (2022 - \$2,770). These transactions are in normal course of operations and are measured at the exchange amount which is the amount agreed upon by both parties. The time and use of office equipment has been provided by Fairhaven at no cost. In addition, Fairhaven received contributions measured at fair value from the Foundation in the amount of \$20,932 (2022 - \$1,707).

The amount due from the Fairhaven Foundation of \$23,057 (2022 - \$6,028) is non-interest bearing with no specified terms of repayment. This amount is reported as part of the sundry receivables.

# FAIRHAVEN

## SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2023

	General			Totals \$
	Land improvements \$	Buildings \$	Machinery and equipment \$	Assets under construction \$
<b>COST</b>				
Balance, beginning of year	1,126,601	25,440,760	3,367,352	-
Add: additions during the year	40,576	262,718	762,236	742,048
Balance, end of year	1,167,177	25,703,478	4,129,588	742,048
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	629,787	17,666,636	2,166,537	-
Add: additions during the year	33,755	606,753	374,621	-
Balance, end of year	663,542	18,273,389	2,541,158	-
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	503,635	7,430,089	1,588,430	742,048



**Baker Tilly KDN LLP**  
272 Charlotte St.  
Peterborough, ON  
Canada K9J 2V4

## **INDEPENDENT AUDITOR'S REPORT**

**T: (705) 742-3418**  
**F: (705) 742-9775**

**To the Members of the Board of Directors of Fairhaven**

**[www.bakertilly.ca](http://www.bakertilly.ca)**

### *Qualified Opinion*

We have audited the financial statements of the Trust Fund of Fairhaven (the Trust Fund), which comprise the statement of financial position as at December 31, 2023, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2023, and the continuity of the Trust Fund for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Qualified Opinion*

In common with many municipal trust funds, the completeness of the revenue derived from residents is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust Fund and we were not able to determine whether any adjustments might be necessary to resident receipts, assets and fund balances for the years ended December 31, 2023 and 2022. Our opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund's financial reporting process.

ASSURANCE • TAX • ADVISORY

*Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.*

Peterborough

Courtice

Lindsay

Cobourg



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 12, 2024

# FAIRHAVEN

## TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023 Personal Trust Funds \$	2022 Personal Trust Funds \$
<b>FINANCIAL ASSETS</b>		
Cash	119,784	98,108
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Due to Fairhaven	43,112	16,477
<b>FUND BALANCE</b>	76,672	81,631
	119,784	98,108

## TRUST FUND STATEMENT OF CONTINUITY For the Year Ended December 31, 2023

	2023 Personal Trust Funds \$	2022 Personal Trust Funds \$
<b>BALANCE - beginning of year</b>	81,631	63,683
<b>RECEIPTS</b>		
Residents' contributions	101,395	105,146
Transfer from Fairhaven	34,910	28,686
	136,305	133,832
<b>EXPENSES</b>		
Residents' personal costs	115,142	91,048
Funerals and refunds	6,788	9,751
Residents' maintenance	17,130	14,068
Donation to Fairhaven Foundation	2,204	1,017
	141,264	115,884
<b>BALANCE - end of year</b>	76,672	81,631

The accompanying notes are an integral part of these financial statements



# FAIRHAVEN

## TRUST FUND NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

---

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of accounting

Receipts and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on Fairhaven's best information and judgment. Actual results could differ from these estimates.

**Peterborough Public Health**  
**Consolidated Financial Statements**  
**December 31, 2023**

**Peterborough Public Health**  
**Consolidated Financial Statements**  
**December 31, 2023**

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## **Peterborough Public Health**

**For The Year Ended December 31, 2023**

### **Management Report**

The accompanying consolidated financial statements of Peterborough Public Health are the responsibility of management and have been approved by the Board of Health.

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.

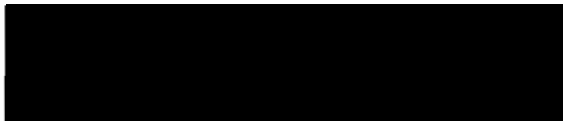
The Peterborough Public Health maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Peterborough Public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

The Board of Health is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

The Board of Health reviews and approves the Peterborough Public Health's financial statements for issuance. The Board of Health 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 financial statements and the independent auditors' report.

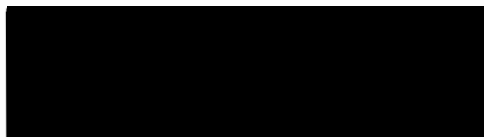
The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Peterborough Public Health. Baker Tilly KDN LLP has full and free access to the Board of Health.

Chair



Date June 12, 2024

Medical Officer of Health



Date June 12, 2024

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of the Board of Health of the Peterborough Public Health**

#### *Opinion*

We have audited the consolidated financial statements of Peterborough Public Health (the Board of Health), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations and accumulated surplus, net debt and cash flows for the year then ended, schedules, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board of Health as at December 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Board of Health in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is responsible for assessing the Board of Health's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board of Health or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board of Health's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board of Health's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board of Health's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board of Health to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Board of Health to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### ***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 15, 2024

# PETERBOROUGH PUBLIC HEALTH

## Consolidated Statement of Financial Position At December 31, 2023

	2023 \$	2022 \$
<b>Financial Assets</b>		
Cash	2,264,665	4,945,167
Accounts receivable	409,547	364,465
Due from the Province of Ontario	2,320,445	-
<b>Total Financial Assets</b>	<b>4,994,657</b>	<b>5,309,632</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,538,743	1,510,673
Due to Province of Ontario	-	202,477
Employee benefits payable (note 3)	586,810	647,253
Deferred revenue (note 4)	658,742	741,636
Long term debt (note 6)	2,696,648	2,811,224
<b>Total Liabilities</b>	<b>5,480,943</b>	<b>5,913,263</b>
<b>Net Debt</b>	<b>(486,286)</b>	<b>(603,631)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 5)	8,196,299	8,425,299
Prepaid expenses	1,018	2,201
<b>Total Non-Financial Assets</b>	<b>8,197,317</b>	<b>8,427,500</b>
<b>Accumulated Surplus (note 8)</b>	<b>7,711,031</b>	<b>7,823,869</b>

The accompanying notes are an integral part of these financial statements



# PETERBOROUGH PUBLIC HEALTH

## Consolidated Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>Revenues</b>			
Province of Ontario	12,907,917	13,129,610	14,561,717
City and County of Peterborough and Curve Lake and Hiawatha First Nations	2,903,941	2,903,941	2,273,014
Fees for service	615,975	572,549	532,137
Other	302,801	171,899	81,802
Interest	125,000	162,505	102,152
<b>Total Revenues</b>	<b>16,855,634</b>	<b>16,940,504</b>	<b>17,550,822</b>
<b>Expenses</b>			
Salaries and wages	11,026,227	10,774,238	11,455,169
Benefits	2,914,341	2,988,707	2,744,704
Program costs	2,073,179	2,084,713	1,945,513
Administration and occupancy	841,887	976,684	1,081,237
Amortization	229,000	229,000	229,000
<b>Total Expenses</b>	<b>17,084,634</b>	<b>17,053,342</b>	<b>17,455,623</b>
<b>Annual Surplus/(Deficit)</b>	<b>(229,000)</b>	<b>(112,838)</b>	<b>95,199</b>
<b>Accumulated Surplus - beginning of year</b>	<b>7,823,869</b>	<b>7,823,869</b>	<b>7,728,670</b>
<b>Accumulated Surplus - end of year</b>	<b>7,594,869</b>	<b>7,711,031</b>	<b>7,823,869</b>

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH PUBLIC HEALTH

## Consolidated Statement of Net Debt For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>Annual Surplus/(Deficit)</b>	(229,000)	(112,838)	95,199
Amortization of tangible capital assets	229,000	229,000	229,000
Change in prepaid expenses	-	1,183	-
<b>Change in Net Debt</b>	-	117,345	324,199
<b>Net Debt - beginning of year</b>	(603,631)	(603,631)	(927,830)
<b>Net Debt - end of year</b>	(603,631)	(486,286)	(603,631)

*The accompanying notes are an integral part of these financial statements*

# PETERBOROUGH PUBLIC HEALTH

## Consolidated Statement of Cash Flows For the Year Ended December 31, 2023

	2023 \$	2022 \$
<b>Cash Provided By (Used In)</b>		
<b>Operating Activities</b>		
Annual surplus/(deficit)	(112,838)	95,199
Items not involving cash		
Amortization of tangible capital assets	229,000	229,000
Change in non-cash assets and liabilities		
Accounts receivable	(45,082)	60,712
Due from the Province of Ontario	(2,320,445)	441,699
Prepaid expenses	1,183	-
Accounts payable and accrued liabilities	28,070	(176,169)
Due to the Province of Ontario	(202,477)	202,477
Employee benefits payable	(60,443)	20,354
Deferred revenue	(82,894)	19,019
<b>Net change in cash from operating activities</b>	<b>(2,565,926)</b>	<b>892,291</b>
<b>Financing Activities</b>		
Debt principal repayments	(114,576)	(110,829)
<b>Net change in cash</b>	<b>(2,680,502)</b>	<b>781,462</b>
<b>Cash - beginning of year</b>	<b>4,945,167</b>	<b>4,163,705</b>
<b>Cash - end of year</b>	<b>2,264,665</b>	<b>4,945,167</b>

*The accompanying notes are an integral part of these financial statements*

# PETERBOROUGH PUBLIC HEALTH

## Notes To The Consolidated Financial Statements For the Year Ended December 31, 2023

---

### 1. Nature of Operations

The Board of Health for Peterborough Public Health ("Board of Health") strives to enable people and the community to be as healthy as possible. The Board of Health is a charitable not-for-profit organization which provides accessible, community based programs and services that promote, protect and restore health.

The organization operates as Peterborough Public Health, while the legal name of the organization remains the Peterborough County-City Health Unit.

### 2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants of Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

#### (a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and net financial assets of the reporting entity.

The reporting entity is comprised of all programs and services administered by the Board of Health and coalition projects for which the Board of Health is contractually obligated as the sponsoring agency and accountable for the administration, financial affairs and resources of the coalition projects.

#### (b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Buildings	50 years
Furniture and equipment	5 to 15 years
Dental clinic	50 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

# PETERBOROUGH PUBLIC HEALTH

## Notes To The Consolidated Financial Statements For the Year Ended December 31, 2023

---

### 2. Significant Accounting Policies, continued

#### (c) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfer is authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

#### (d) Deferred Revenue

Deferred revenue consists of grants, contributions and other amounts that are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or the completion of specific work. In addition certain fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

#### (e) 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.

#### (f) Recognition of Revenues and Expenses

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

The Board of Health claims from the Ministry of Health, The Corporation of the City of Peterborough, The Corporation of the County of Peterborough, Curve Lake First Nation and Hiawatha First Nation revenue equivalent to its net costs for the public health programs. While these net claims for costs are recorded as revenue in the current year, reimbursement of these costs is dependent upon acceptance by the funding bodies.

For the Safe Sewage Disposal Program, the Board of Health records inspection fee revenue as earned revenue based on the proportion of the completed inspections at the end of each year.

Fees for service are recognized as revenue in the year the goods and services are provided.

#### (g) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards 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 judgments (often as a result of matters that are inherently uncertain) include, among others: accounts payable and accrued, revenue recognition and useful lives of tangible capital assets and amortization. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

# PETERBOROUGH PUBLIC HEALTH

## Notes To The Consolidated Financial Statements For the Year Ended December 31, 2023

### 2. Significant Accounting Policies, continued

#### (h) Inter-Entity Transactions

Peterborough Public Health is a joint board of the City and County of Peterborough.

Allocated costs and recovery of costs are measured at exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the City and the County.

### 3. Employee Benefits Payable

The Board of Health provides vacation and compensating pay entitlements totaling \$586,810 (2022 - \$647,253) that are fully funded and will require payment in future periods.

### 4. Deferred Revenue

Deferred revenue consists of:

	2023	2022
	\$	\$
Specific coalition projects	279,724	302,487
Safe sewage disposal program	201,268	240,993
Partner funding	177,750	198,156
	658,742	741,636

### 5. Tangible Capital Assets

The net book value of the Board of Health's tangible capital assets are:

	2023	2022
	\$	\$
General		
Buildings	7,278,283	7,451,575
Dental clinic	623,658	637,314
Furniture and equipment	294,358	336,410
	8,196,299	8,425,299

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

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

# PETERBOROUGH PUBLIC HEALTH

## Notes To The Consolidated Financial Statements For the Year Ended December 31, 2023

### 6. Long Term Debt

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2023	2022
	\$	\$
Term loan from the Ontario Infrastructure and Lands Corporation, repayable in monthly blended payments of \$17,204, interest at 3.33% per annum, due February 16, 2041	2,696,648	2,811,224

- (b) Interest paid during the year on long term debt amounted to \$91,742 (2022 - \$95,623).
- (c) The term loan is guaranteed by the City of Peterborough, 60%, and County of Peterborough, 40%, of the loan amount. The term loan is secured by a charge/mortgage and a general security agreement on the property owned by the Board of Health on 185 King Street Peterborough, Ontario.
- (d) The term loan agreement requires a minimum annual debt service coverage ratio of 1.10 on the corporate levels. The debt service coverage ratio, for any fiscal year, is defined as earnings before interest, taxes, depreciation, amortization, and lease payments divided by the sum of principal and interest payments made on all interest bearing debts during the relevant fiscal year. As of December 31, 2023, the Board of Health is in compliance with this ratio.
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2024	118,451	88,001	206,452
2025	122,456	83,996	206,452
2026	126,596	79,856	206,452
2027	130,877	75,575	206,452
2028	135,302	71,150	206,452
2029 and subsequent years	2,062,966	448,873	2,511,839
	2,696,648	847,451	3,544,099

# PETERBOROUGH PUBLIC HEALTH

## Notes To The Consolidated Financial Statements For the Year Ended December 31, 2023

### 7. Pension Agreements

Certain employees of the Peterborough Public Health are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Peterborough Public Health does not recognize any share of the OMERS pension surplus or deficit.

The Peterborough Public Health's required contributions to OMERS in 2023 were \$979,930 (2022 - \$824,935).

### 8. Accumulated Surplus

Accumulated surplus consists of the following:

	2023 \$	2022 \$
<b>Surplus</b>		
Safe sewage disposal program	92,754	85,075
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	8,196,299	8,425,299
Long term debt	(2,696,648)	(2,811,224)
	5,499,651	5,614,075
<b>Surplus</b>	5,592,405	5,699,150
<b>Reserves</b>		
Occupancy/renovation	650,443	619,154
Local vaccination program	678	646
Food security project	54,099	51,497
Vector Borne Diseases	5,764	5,486
Infant Toddler Development program	4,323	4,066
Program	213,726	203,445
	929,033	884,294
<b>Contingency reserve</b>	1,189,593	1,240,425
	7,711,031	7,823,869



# PETERBOROUGH PUBLIC HEALTH

## Notes To The Consolidated Financial Statements For the Year Ended December 31, 2023

### 9. Budget Figures

Budget figures are compiled from budgets approved by the Board of Health, with subsequent adjustments for PSA compliance. Budget figures are not subject to audit.

### 10. Additional Information

#### Medical Officer of Health Compensation

The Board of Health provided the following compensation for the Medical Officer of Health:

	2023	2022
	\$	\$
Medical Officer of Health compensation - base salary	250,000	250,000
Community Medicine stipend - 100% Provincial	5,000	5,000
Physician compensation - 100% Provincial	58,401	56,069
After hours availability - 100% Provincial	12,000	12,000
	325,401	323,069

#### One Time Costs - 100% Provincial Funded

	2023	2022
	\$	\$
Public health inspection student	14,208	20,000
Indigenous program initiative	10,000	10,000
Ontario Seniors Dental Program Clinic Expansion	-	1,996
SFO tablets and equipment	285	3,521
Merger planning - strengthen public health	24,525	-
Needle Exchange	19,000	-
<b>One Time Costs - 100% Provincial</b>	<b>68,018</b>	<b>35,517</b>

#### One Time Provincial Revenue

	2023	2022
	\$	\$
Mitigation funding	1,015,000	1,015,000

# PETERBOROUGH PUBLIC HEALTH

## Notes To The Consolidated Financial Statements For the Year Ended December 31, 2023

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### 11. Inter-Entity Transactions

During the year, the Peterborough Public Health entered into transactions with the City and County of Peterborough.

As part of the budgeting process, the City and County approved a contribution to the Peterborough Public Health which is recorded on the Consolidated Statement of Operations and Accumulated Surplus. The City contributed \$1,644,880 (2022 - \$1,330,450) for the mandatory programs. The County contributed \$1,241,951 (2022 - \$928,775) for the mandatory programs.

Inter-entity transactions include the City garbage levy in the amount of \$2,891 (2022 - \$2,676).

The long term debt of the Board of Health is guaranteed by the City and County of Peterborough as disclosed in Note 6.

### 12. Changes in Accounting Policies

The Peterborough Public Health has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Peterborough Public Health's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Peterborough Public Health's consolidated financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Peterborough Public Health's accounting policy choices (see Note 2. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Peterborough Public Health's consolidated financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The adoption of this standard did not have an impact on the Peterborough Public Health's consolidated financial statements.

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# PETERBOROUGH PUBLIC HEALTH

## Notes To The Consolidated Financial Statements For the Year Ended December 31, 2023

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### 13. Contingent Liabilities

Peterborough Public Health, in the course of its operations, can be named in lawsuits and other legal items the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

### 14. Subsequent Event

During the year, the Health Unit approved to discontinue the Safe Sewage Disposal Program in 2024 and return this responsibility to the local municipalities.

### 15. Health Unit Merger

During the year the Health Unit committed to investigating a potential merger with the Haliburton Kawartha Pine Ridge District Health Unit.

## PETERBOROUGH PUBLIC HEALTH

### Consolidated Schedule of Tangible Capital Assets For the Year Ended December 31, 2023

	Buildings \$	Dental Clinic \$	Furniture and Equipment \$	Totals \$
<b>Cost</b>				
Balance, beginning of year	8,664,623	682,808	801,531	10,148,962
Balance, end of year	8,664,623	682,808	801,531	10,148,962
<b>Accumulated Amortization</b>				
Balance, beginning of year	1,213,048	45,494	465,121	1,723,663
Add: additions during the year	173,292	13,656	42,052	229,000
Balance, end of year	1,386,340	59,150	507,173	1,952,663
<b>Net Book Value of Tangible Capital Assets</b>	<b>7,278,283</b>	<b>623,658</b>	<b>294,358</b>	<b>8,196,299</b>

# PETERBOROUGH PUBLIC HEALTH

## Consolidated Schedule Expenses by Program For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>Expenses</b>			
Public Health Programs and Services	11,928,229	11,660,232	9,169,583
Healthy Babies/Health Children Program	928,413	943,100	826,505
Infant Toddler Development Program	244,718	245,836	195,810
Safe Sewage Disposal Program	436,475	536,148	496,207
Ontario Seniors Dental	905,100	1,060,553	857,541
Covid-19	2,402,739	2,396,998	5,566,253
HUB - Hub & Spoke	68,787	59,233	111,493
Compensation Funding Adjustment	87,276	87,276	73,069
Nurses Retention Initiative	-	-	204,764
One time expenditures - 100% funded	70,397	68,018	35,517
Early Warning Surveillance Systems	-	-	39,625
Breakfast Club and Food for Kids	52,000	60,281	58,828
Collective Kitchens	1,500	-	35
Strategic Plan Initiatives	150,000	113,508	-
	17,275,634	17,231,183	17,635,230
<b>Expenses recovered from 100% funded programs</b>	<b>(191,000)</b>	<b>(177,841)</b>	<b>(179,607)</b>
<b>Total Consolidated Expenses</b>	<b>17,084,634</b>	<b>17,053,342</b>	<b>17,455,623</b>

# PETERBOROUGH PUBLIC HEALTH

## Public Health Programs and Services Schedule of Revenue and Expenses For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>Revenue</b>			
Partner Contributions			
Ontario Ministry of Health	7,130,500	7,184,050	7,112,850
Ontario Ministry of Health - mitigation	1,015,000	1,015,000	-
City of Peterborough	1,644,880	1,644,880	1,330,450
County of Peterborough	1,241,591	1,241,591	928,775
Curve Lake First Nation	13,194	13,194	10,412
Hiawatha First Nation	4,276	4,276	3,377
Other			
Vaccine reimbursement programs	31,300	40,342	28,656
Dental fees	160,000	80,482	72,571
Ontario Health Insurance program	33,000	33,843	30,416
Recovery of administration and occupancy	191,000	177,841	179,607
Interest	55,000	50,782	54,001
Fee for service	12,500	5,873	4,318
Other	166,988	53,646	22,831
	11,699,229	11,545,800	9,778,264
<b>Expenses</b>			
Salaries and wages	7,485,541	7,259,650	5,578,683
Employee benefits	2,173,584	2,193,399	1,642,927
Travel	70,877	58,592	49,191
Program materials and printing	429,714	358,611	277,742
Communication and public education	143,300	208,165	260,496
Purchased program services	247,374	209,925	222,534
Administrative	450,608	458,650	233,833
Occupancy	604,094	603,227	593,492
Staff education	45,539	49,222	54,319
Board costs	48,598	31,791	27,366
Amortization	229,000	229,000	229,000
	11,928,229	11,660,232	9,169,583
<b>Annual Surplus/(Deficit)</b>	<b>(229,000)</b>	<b>(114,432)</b>	<b>608,681</b>

# PETERBOROUGH PUBLIC HEALTH

## Safe Sewage Disposal Program Schedule of Revenue and Expenses For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>Revenue</b>			
Inspection fees	370,600	421,826	353,627
Lawyer research fees	4,000	3,905	4,220
Clean water - mandatory re-inspection fees	56,875	53,225	78,975
- non-mandatory re-inspection fees	5,000	2,600	9,485
Interest	-	4,300	3,185
Insurance proceeds	-	57,971	-
	436,475	543,827	449,492
<b>Expenses</b>			
Salaries and wages	270,311	306,023	299,878
Employee benefits	69,509	85,414	85,839
Travel	24,400	29,836	34,814
Equipment, materials and supplies	12,300	12,990	14,051
Purchased services	6,000	45,307	5,814
Occupancy	7,000	7,000	7,000
Allocated costs	45,955	46,657	47,390
Staff education	1,000	2,921	1,421
	436,475	536,148	496,207
<b>Annual Surplus/(Deficit)</b>	-	7,679	(46,715)
<b>Opening Fund Balance - beginning of year</b>	85,075	85,075	131,790
<b>Closing Fund Balance - end of year</b>	85,075	92,754	85,075

# PETERBOROUGH PUBLIC HEALTH

## Covid-19 Schedule of Revenue and Expenses For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Extraordinary Costs \$	Vaccine Program \$	School- Focused Nurses \$	Total Actual 2023 \$	Total Actual 2022 \$
<b>Revenue</b>						
Ministry of Health funding	2,402,739	1,105,191	971,100	314,553	2,390,844	4,038,837
Other	-	-	6,154	-	6,154	
	2,402,739	1,105,191	977,254	314,553	2,396,998	4,038,837
<b>Expenses</b>						
Personal services						
Salaries and wages	1,936,928	899,488	699,623	255,654	1,854,765	4,182,346
Employee benefits	318,602	145,993	125,829	57,398	329,220	679,426
Other operating						
Administration, office and accommodation	35,109	-	35,107	-	35,107	102,055
Purchased services	91,480	50,837	100,629	-	151,466	500,078
Program materials and supplies	11,000	4,844	9,920	291	15,055	61,885
Communications and advertising	6,500	3,733	2,333	-	6,066	25,455
Travel	3,120	296	3,813	1,210	5,319	15,008
	2,402,739	1,105,191	977,254	314,553	2,396,998	5,566,253
<b>Annual Surplus/(Deficit)</b>	-	-	-	-	-	(1,527,416)



# PETERBOROUGH PUBLIC HEALTH

## Ontario Seniors Dental Schedule of Revenue and Expenses For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>Revenue</b>			
Ontario Ministry of Health	898,100	898,100	848,600
Dental fees	7,000	4,638	8,941
Ontario Ministry of Health - one time	-	157,815	-
	905,100	1,060,553	857,541
<b>Expenses</b>			
Salaries and wages	304,622	319,312	260,109
Employee benefits	88,678	101,061	79,858
Purchased services	387,000	510,162	406,696
Materials and supplies	41,300	50,468	41,623
Occupancy	13,500	9,550	9,255
Allocated administration	70,000	70,000	60,000
	905,100	1,060,553	857,541
<b>Annual Surplus/(Deficit)</b>	-	-	-

**CONSOLIDATED  
FINANCIAL STATEMENTS OF  
  
CITY OF PETERBOROUGH  
HOLDINGS INC.**

**December 31, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholder of City of Peterborough Holdings Inc.**

### *Opinion*

We have audited the consolidated financial statements of City of Peterborough Holdings Inc. and its subsidiaries, (the Company), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with

Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
April 24, 2024

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at December 31, 2023**

(in thousands of dollars)

	2023	2022
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	20,039	20,233
Restricted cash (note 4)	9,807	9,789
Accounts receivable	5,505	4,505
Unbilled revenue	158	323
Inventories (note 5)	2,875	2,724
Prepaid expenses	489	509
Income taxes receivable	344	-
	39,217	38,083
<b>Other assets</b>		
Non-current receivables	276	489
Intangible assets (note 6)	2,728	2,962
Property, plant and equipment (note 7)	143,377	148,712
Right of use assets (note 9)	4,434	4,697
Deferred tax assets (note 18)	4,002	4,221
	154,817	161,081
	194,034	199,164

The accompanying notes are an integral part of these financial statements

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at December 31, 2023**

(in thousands of dollars)

	2023	2022
	\$	\$
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 8)	7,612	5,923
Current portion of long-term debt (note 12)	7,326	7,068
Current portion of lease obligations (note 9)	268	262
Income taxes payable	242	299
	15,448	13,552
<b>Long-term liabilities</b>		
Provisions (note 10)	990	945
Employee future liabilities (note 11)	4,354	5,697
Lease obligations (note 9)	4,788	4,994
Deferred tax liabilities (note 18)	19,798	19,241
Long-term debt (note 12)	83,040	90,361
	112,970	121,238
<b>Shareholder's equity</b>		
Share capital (note 13)	34,258	34,258
Accumulated other comprehensive loss (note 14)	(1,542)	(2,309)
Retained earnings	32,900	32,425
	65,616	64,374
	194,034	199,164

Approved on behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**CONSOLIDATED STATEMENT OF INCOME**

**For the year ended December 31, 2023**  
(in thousands of dollars)

	2023	2022
	\$	\$
<b>Revenue</b> (note 15)	47,740	44,930
<b>Expenses</b>		
Operations and administration (note 16)	23,991	22,993
Amortization	9,682	9,753
	33,673	32,746
<b>Income from operations</b>	14,067	12,184
<b>Other expense</b>		
Net finance charges (note 17)	3,257	4,401
Loss on disposal of property, plant and equipment (note 7)	299	125
Impairment of property, plant and equipment (note 7)	630	-
	4,186	4,526
<b>Income before income taxes and transition costs</b>	9,881	7,658
Transition costs (note 26)	2,000	-
<b>Income before income taxes</b>	7,881	7,658
<b>Provision for income taxes</b> (note 18)		
Current	1,565	1,417
Deferred	422	470
	1,987	1,887
<b>Net income for the year</b>	5,894	5,771

The accompanying notes are an integral part of these financial statements

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended December 31, 2023**  
(in thousands of dollars)

	2023	2022
	\$	\$
Net income for the year	5,894	5,771
<b>Other comprehensive income</b>		
Items that will not be reclassified subsequently to net income		
Employee benefit plan actuarial gains (note 14)	1,134	-
Related deferred tax	(367)	-
<b>Other comprehensive income for the year</b>	767	-
<b>Total comprehensive income for the year</b>	6,661	5,771

The accompanying notes are an integral part of these financial statements



**CITY OF PETERBOROUGH HOLDINGS INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the year ended December 31, 2023**  
(in thousands of dollars)

	Share Capital \$	Retained Earnings \$	Accumulated Other Comprehensive Income (Loss) \$	Total Equity \$
<b>Balance, January 1, 2022</b>	34,258	33,766	(2,309)	65,715
Net income for the year	-	5,771	-	5,771
Dividends paid (note 19)	-	(7,112)	-	(7,112)
<b>Balance, December 31, 2022</b>	34,258	32,425	(2,309)	64,374
<b>Balance, January 1, 2023</b>	34,258	32,425	(2,309)	64,374
Net income for the year	-	5,894	-	5,894
Change in value of employee future liabilities, net of tax	-	-	767	767
Dividends paid (note 19)	-	(5,419)	-	(5,419)
<b>Balance, December 31, 2023</b>	34,258	32,900	(1,542)	65,616

The accompanying notes are an integral part of these financial statements

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2023**  
(in thousands of dollars)

	2023	2022
	\$	\$
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>Operating activities</b>		
Net income for the year	5,894	5,771
Adjustments for:		
Amortization	9,682	9,753
Deferred income tax	422	470
Current income tax	1,565	1,417
Net finance costs	3,257	4,401
Loss on impairment of property, plant and equipment	630	-
Loss on disposal of property, plant and equipment	299	125
	21,749	21,937
Change in non-cash working capital items (note 20)	722	505
Taxes paid	(1,773)	(1,452)
Interest received	1,340	479
Increase in employee future liabilities	(210)	(2)
	21,828	21,467
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,717)	(2,904)
Transfers from (to) restricted cash account	(18)	(17)
	(4,735)	(2,921)
<b>Financing activities</b>		
Repayment of long-term debt	(7,063)	(6,823)
Principal portion of lease payments	(480)	(465)
Capital lease remeasurement	57	-
Interest paid	(4,382)	(4,717)
Dividends paid	(5,419)	(7,112)
	(17,287)	(19,117)
<b>Net increase (decrease) in cash</b>	(194)	(571)
<b>Cash and cash equivalents - beginning of year</b>	20,233	20,804
<b>Cash and cash equivalents - end of year</b>	20,039	20,233

The accompanying notes are an integral part of these financial statements

# **CITY OF PETERBOROUGH HOLDINGS INC.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2023**

**(in thousands of dollars)**

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### **1. NATURE OF OPERATIONS**

City of Peterborough Holdings Inc. (the "Company") is an investment holding company with a 100% ownership interest in Peterborough Utilities Inc. ("PUI"), Peterborough Utilities Services Inc. ("PUSI") and PUG Services Corp. ("PUGSC"). The Company is incorporated and domiciled in Canada with its head and registered office located at 1867 Ashburnham Drive, Peterborough, ON K9J 6Z5.

PUI is primarily involved in the development and generation of electricity through its hydroelectric and solar generating stations which are located in Peterborough, Ontario and the surrounding area. The Company also carries out a hot water heater and lighting equipment rental business and provides metering services to customers in Ontario.

PUSI and PUGSC are professional services companies that delivers outsourcing services to affiliated companies and others.

The Company is 100% owned by the Corporation of the City of Peterborough.

### **2. BASIS OF PREPARATION**

#### *(a) Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2024.

#### *(b) Basis of measurement*

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

#### *(c) Presentation currency*

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. All financial information has been rounded to the nearest thousand, except when otherwise noted.

#### *(d) Use of significant estimates and judgments*

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant judgments and estimates made by the Company are outlined below:

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**  
**(in thousands of dollars)**

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**2. BASIS OF PREPARATION, continued**

(i) Significant Accounting Judgments

- Property, plant and equipment and intangibles

The Company makes judgments to assess the nature of the costs to be capitalized in the purchase or construction of an asset; evaluate the appropriate level of componentization where an asset is made up of individual components for which different depreciation methods and useful lives are appropriate; and distinguish major overhauls to be capitalized from repair and maintenance activities to be expensed.

- Project development

The Company is in the business of developing prospective generation projects as described in note 3(h). Determining whether a project meets IFRS capitalization criteria requires judgment and depends primarily on the probability that future economic benefits associated with the project will flow to the Company. Expenditures on projects that do not meet this test are expensed in the period.

- Evidence of asset impairment

At each reporting date, management is required to use its judgment to assess whether there is any evidence that property, plant and equipment and intangible assets may be impaired. If applicable, the Company performs impairment tests to assess whether the carrying amounts of assets are recoverable.

- Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets and liabilities that can be recognized, based upon the likely timing and the level of future taxable income realized. The judgments are detailed in note 18.

- Leases

The Company makes judgements in determining the appropriate lease term, on a lease-by-lease basis, and considers all facts and circumstances that create an economic incentive to exercise a renewal option including investments in generation projects and the term of electricity power sales to the Independent Electricity System Operator (IESO). The periods covered by renewal options are only included in the lease term if the Company is reasonably certain to renew. Changes in the economic environment or changes in the electricity retail industry may impact the Company's assessment of lease term, and any changes in the Company's estimates of lease terms may have a material impact on the Company's consolidated statement of financial position and statement of income.

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**2. BASIS OF PREPARATION, continued**

(ii) Significant Estimates and Assumptions

- Useful lives of property plant and equipment and intangibles

Depreciation is based on estimates of the useful lives of each significant component of property plant and equipment and each intangible asset. Estimated useful lives are determined based on current facts and past experience and take into consideration the anticipated physical life of the asset, existing long-term sales contracts, technological obsolescence, regulations and where available studies conducted by independent consultants.

- Unbilled revenue

The measurement of unbilled revenue for rental customers is based on an estimate of the period between the date of the last bill and the end of the year.

The measurement of unbilled revenue for electric meter installations is based on the estimated percentage of completion of the project at the end of the year.

- Measurement of fair value of financial instruments

As described in Note 23, the Company uses the discounted cash flow model to estimate the fair value of financial instruments for disclosure purposes.

- Measurement of provisions

As described in Note 3(j) and Note 10, the Company recognizes provisions for decommission obligations. Calculation of the provision requires the Company's best estimate of the required cash expenditures, adjusted to reflect the risks and uncertainties inherent in the timing and amount of settlement. The estimated cash expenditures are present valued using the current, risk-adjusted, pre-tax discount rate. A change in estimated cash flows, market interest rates, or timing could have a material impact on the carrying amount of the provision.

- Leases

In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determinable. The Company determines the incremental borrowing rate by reference to lending rates in effect from Infrastructure Ontario and financial institutions on borrowing for similar capital projects with adjustments for lease term and the underlying value of the leased asset. Incremental borrowing rates are subject to change due to changes in the industry and economic environment.

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**2. BASIS OF PREPARATION, continued**

- Impairment of assets

The Company continually monitors its long-lived assets for indications of impairment. Where necessary, the Company estimates the recoverable amount for the cash-generating unit ("CGU") to determine if an impairment loss is to be recognized. Calculation of the recoverable amount requires estimates of future revenues and expenses and is based on assumptions such as the discount rate to be applied to these cash flows. Subsequent changes to these estimates or assumptions could significantly impact the carry value of the assets.

- Measurement of employee future liabilities

Employee future liabilities are based on certain assumptions arising from an actuarial report prepared by an independent actuary. These assumptions are detailed in note 11.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all years presented in these financial statements except for the adoption of new standards and interpretations set out below.

*(a) Basis of consolidation*

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Company. The subsidiaries included in these financial statements include the following 100% owned companies:

- Peterborough Utilities Services Inc. ("PUSI");
- PUG Services Corp. ("PUGSC"); and
- Peterborough Utilities Inc. ("PUI").

All significant inter-company accounts and transactions have been eliminated.

*(b) Revenue recognition*

The Company recognizes revenue when it transfers control over a promised good or service, a performance obligation under the contract, to a customer and where the Company is entitled to consideration resulting from completion of the performance obligation. Depending on the terms of the contract with the customer, revenue recognition can occur at a point in time or over time. When a performance obligation is satisfied, revenue is measured at the transaction price that is allocated to that performance obligation.

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**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

The Company's principal sources of revenue and methods applied to the recognition of these revenues are as follows:

*I. Sale of Electricity*

The contracts with customers for the supply of electricity range from twenty to forty years. The performance obligation is satisfied over time using the output method for revenue recognition. Revenue is measured at the fair value of the consideration received or receivable, net of sales tax.

*II. Service Revenue*

The contracts with customers for professional services consist primarily of perpetual contracts that are effective until terminated by the customer or the Company. The Company provides a series of distinct services, which are simultaneously received and consumed by the customers.

Revenue earned from professional management, administrative and operational services, and management maintenance and support of customer electricity meters are calculated based on the services provided to the customer during the period, at the applicable rates as per the terms of the respective contracts.

Water services contracts include multiple services including operation and maintenance of water and wastewater infrastructure, each of which the Company typically constitutes distinct performance obligations.

The performance obligation for professional services is satisfied over time using the output method for recognition of revenue. Revenue is recognized at the time the service is provided. Where the Company has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue.

*III. Rental Income*

Revenue earned from the rental of building, equipment, water heaters, pole and lighting equipment is recognized on a straight-line basis over the term of the agreement.

Revenue earned from the rental of vehicles is calculated based on the customer's usage of the goods during the period, at the applicable rates as per the terms of the respective contracts.

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**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

*(c) Financial Instruments*

Financial assets are identified and classified as one of the following: at amortized cost, at fair value through other comprehensive income, or at fair value through the statement of income. Financial liabilities are classified as measured at fair value through the statement of income or at amortized cost.

Financial assets and financial liabilities are presented on a net basis when the Company has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company's classifications of financial assets and liabilities are as follows:

- At amortized cost

Cash, restricted cash, accounts receivable, non-current receivables and unbilled revenue are classified as financial assets at amortized cost.

These financial assets are recognized initially at fair value plus directly attributable transaction costs, if any. After initial recognition, they are measured at amortized cost when they are held for collection of cash flows, where those cash flows solely represent payments of principal and interest using the effective interest rate method less any impairment. The effective interest rate method calculates the amortized cost of a financial asset and allocates the finance income over the term of the financial asset using an effective interest rate. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset, or a shorter period when appropriate, to the gross carrying amount of the financial asset.

Accounts payable and accrued liabilities, lease obligations, and long-term debt are classified as financial liabilities at amortized cost.

These financial liabilities are recognized on the date at which the Company becomes a party to the contractual arrangement. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled, or expire. Financial liabilities are initially recognized at fair value including discounts and premiums, plus directly attributable transaction costs, if any. Subsequently, these liabilities are measured at amortized cost using the effective interest rate method.



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**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

- At fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows solely represent payments of principal and interest, are classified as financial assets at fair value through other comprehensive income. These financial assets are initially recognized at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income, except for the recognition of impairment losses, reversal of impairment losses, interest income and foreign exchange gains and losses, which are recognized in net income. On de-recognition of the financial asset, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to net income. Interest income from these financial assets is recognized as other income using the effective interest rate method.

- At fair value through statement of income

Financial instruments at fair value through net income include instruments that are designated as financial instruments at fair value through the statement of income or those financial instruments that do not meet the criteria for classification under any other category. Upon initial recognition, directly attributable transaction costs are recognized in net income as incurred. Changes in fair value of financial instruments measured at fair value through the statement of income are recognized in net income.

*(d) Cash and restricted cash*

Cash and restricted cash consist of balances held with Canadian financial institutions. Restricted cash is subject to restrictions in accordance with the terms of the company's financing agreements and corporate obligations.

*(e) Accounts receivable and unbilled revenue*

Accounts receivable are recorded at the invoiced amount and overdue amounts bear interest at approved rates. Unbilled revenue is estimated based on the criteria set in note 2(d)(ii).

The carrying amount of accounts receivable and unbilled revenue are reduced through a loss allowance, if applicable, and the amount of the related impairment loss is recognized in the consolidated statement of income. The impairment loss is the difference between an asset's carrying amount and its estimated future cash flows.

*(f) Inventories*

Inventories consists of system maintenance and construction materials and is valued at the lower of moving average cost and replacement cost. Cost includes expenditures incurred in acquiring the materials and other costs incurred to bring the assets to their existing location and condition.

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**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

*(g) Intangible assets*

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognized in income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Intangible assets consist of renewable energy contracts which have duration of 20 to 40 years.

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively.

*(h) Property, plant and equipment*

- *Recognition and measurement*

Items of property, plant and equipment ("PP&E") are measured at cost less accumulated depreciation, and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset.

In circumstances where parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost and related accumulated depreciation for identifiable PP&E remain in the accounts until the assets are retired or disposed of at which time any gain or loss is reflected in operations.

- *Project development*

Project development costs represent costs incurred for the development of prospective generation projects. The project costs are capitalized and recorded as work in progress in PP&E. Current costs for prospective projects that do not meet the criteria for capitalization under IFRS, as described in note 2(d), are expensed as incurred. Projects under development are reviewed annually and expensed in the year if future economic benefits are no longer probable. Borrowing costs directly attributable to the development are capitalized as work in progress. Once a project is complete and ready for use, the project development costs are transferred from work in progress to the applicable PP&E account and amortized over the useful life of the project.

Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

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**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

- *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net income as incurred.

- *Depreciation*

Depreciation of PP&E is recognized on a straight-line basis designed to amortize the assets over their estimated useful lives as follows:

Land and buildings	
Buildings	15 – 50 years
Generation	
Hydro Generation	2 – 75 years
Solar Generation	5 – 20 years
Biogas Generation	5 – 20 years
Vehicles, Equipment and Other	
Vehicles	4 – 8 years
Meters	15 – 25 years
Water heaters	15 years
Equipment and other	2 – 30 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Work in process assets are not depreciated until the project is complete and ready for use.

Gains and losses on disposal of an item of PP&E are recognized in income and determined by the difference between proceeds from disposal and the carrying amount of the item.

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**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

*(i) Employee benefits*

*i. OMERS*

The Company participates in an industry-wide multi-employer post-employment defined benefit pension plan, the Ontario Municipal Employees Retirement Systems ("OMERS"). Both participating employers and employees are required to make plan contributions based on the employees' contributory earnings. The Company recognizes its employee benefit expense related to this plan as the contributions are made.

*ii. Vested sick leave benefits*

After five years of service upon retirement or termination, the Company has agreed to pay at the employee's then current pay rate; the lesser of one-half of the employee's accumulated sick leave benefits or 130 days. For those employees who commenced employment on or after April 1, 1982, the amount will not exceed 130 days or the number of years of service prior to April 1, 2007, times six days.

For financial statement purposes the liability is valued at the total of each employee's current vested sick leave hours at current pay rates in accordance with the above formula.

*iii. Short-term employee benefits*

Short-term employee benefit obligations, including accumulating vested sick leave and vacation, are measured on an undiscounted basis using management's best estimates and are expensed as the related service is provided.

*iv. Employee benefit plans*

The Company provides certain health care, dental care, life insurance and other benefits for certain retired employees. These defined benefit plans are not funded. Accordingly, there are no plan assets.

The Company's net obligation in respect of these plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed annually by an independent qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in net income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in net income.

The Company recognizes all actuarial gains and losses arising from these plans in other comprehensive income during the period in which they occur, and all expenses related to defined benefit plans in net income. The actuarial gains and losses are not reclassified to net income in subsequent periods.

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**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

*(j) Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the unwinding of the discount (accretion) is recognized as a finance cost.

When there is a legal or constructive obligation to decommission items of property, plant and equipment at the end of their useful lives and/or to restore the site on which the asset is located, a provision for such future removal, restoration and/or disposal costs is recognized. The provision is recorded at the present value of expected costs to settle the obligation and is recognized as part of the cost of that particular asset. The cash flows are discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount (accretion) is recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. The effect of changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

*(k) Leases*

At the inception of a contract, the Company determines whether a contract is or contains a lease. A Contract is or contains a lease if the contract gives the Company the right to control the use of an identified asset for the duration of the lease term in exchange for consideration.

The Company recognizes a right of use asset and a lease liability based on the present value of future lease payments when the leased asset is available for use by the Company. The Company does not recognize leases with a term of less than 12 months, or leases based on variable payment terms that are not tied to an index or a rate. The cost of these leases is recognized in Materials and other operating expenses on a systematic basis in the Consolidated Statement of Income.

At the commencement date of a lease, the Company's recognition of a lease liability includes the fixed and in-substance fixed payments and variable lease payments that depend on an index or a rate, less any lease incentives receivable. If applicable, lease liabilities will also include a purchase option exercise price if the Company is reasonably certain to exercise that option, termination penalties if the lease term also reflects the termination option and amounts expected to be payable under a residual value guarantee. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Lease liabilities are re-measured when there is a change in management's assessment of whether it will exercise a renewal or termination option or a change in future lease payments due to a change in index or rate. Associated Right of use ("ROU") assets are adjusted by the same re-measurement amount.

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**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

ROU assets are measured at the initial amount of the lease liabilities plus any initial direct costs, lease payments made at or before the commencement date net of lease incentives received, and decommissioning costs. Subsequently, ROU assets are measured at cost less accumulated depreciation, accumulated impairment losses, if any, and any re-measurement of lease liabilities. The assets are depreciated on a straight-line basis over the earlier of the assets' useful lives or the end of the lease terms. ROU assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

Discount rates used in the present value correspond to the interest rates that are implicit in the leases, or if the rates cannot be readily determined, the Company's incremental borrowing rates. Lease terms are the contractual non-cancellable periods of the leases plus renewal or termination periods inherent in the contract if the Company is likely to exercise those options.

*(l) Finance income and finance costs*

Finance income comprises interest income on funds invested, interest regulatory account balances and gains on the disposal of financial assets. Interest income is recognized as it accrues in income, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in comprehensive income using the effective interest method.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other finance charges that the Company incurs in borrowing funds.

*(m) Corporate income taxes*

Under the Electricity Act, 1998, the Company is required to make payments in lieu of corporate income taxes to Ontario Electricity Financial Corporation ("OEFC"). The payments in lieu of taxes are calculated on a basis as if the Company was a taxable entity under the Income Tax Act (Canada).

Corporate income taxes are calculated using the deferred income tax liability and asset method of tax accounting. Temporary differences arising from the difference between the tax basis of an asset and its carrying amount on the statement of financial position are used to calculate future tax liabilities or assets. Deferred tax liabilities or assets are measured using tax rates anticipated to apply in the periods that the temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the year in which the change occurs.

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**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

*(n) Impairment*

- *Financial assets (including accounts receivable)*

A financial asset not carried at fair value through net income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognized is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognized within other comprehensive income. In all other cases, the loss allowance is recognized in the statement of income.

- *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income. Impairment losses recognized in respect of CGUs reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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**4. RESTRICTED CASH**

Restricted cash includes the following amounts:

- (a) As a condition of the debenture, promissory note financing, and term loan facility, certain subsidiaries of the Company are required to maintain restricted cash reserves. These reserves total \$5,807 (2022 - \$5,789) and are to be used solely for replacement or maintenance of capital equipment, or to address material contingencies, as approved by the lender.
- (b) The Company holds \$4,000 (2022 - \$4,000) in internally restricted cash as a result of the Guaranteed Capital Contribution Agreement. This agreement was entered into between the Company and PUSI as of July 31, 2020, and the call notice was issued October 7, 2021.

**5. INVENTORIES**

The amount of inventories consumed by the Company and recognized as an expense during 2023 was \$540 (2022 - \$427).

**6. INTANGIBLE ASSETS**

Intangible assets consist of purchased computer software and Renewable Energy Standard Offer Contracts with the Independent Electricity System Operator ("IESO") (note 15). The contracts are for periods of twenty and forty years and provide fixed pricing per kWh for solar power generation and pricing partially indexed to inflation for hydro power generation.

The cost of the contracts will be amortized on a straight-line basis over the term of the contract, from the commencement of operation. Computer software is amortized on a straight-line basis over its expected useful life.

	2023	2022
	\$	\$
Cost, beginning of year	5,454	5,454
Disposals	-	-
Cost, end of year	5,454	5,454
Accumulated amortization, beginning of year	2,492	2,258
Disposals	-	-
Amortization	234	234
Accumulated amortization, end of year	2,726	2,492
Net book value	2,728	2,962



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**7. PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings \$	Equipment and other \$	Generation \$	Work in progress \$	Total \$
<b>Cost or deemed cost</b>					
Balance, Jan 1, 2022	7,403	19,113	218,835	807	246,158
Additions	695	1,195	705	1,850	4,445
Transfers	29	-	-	(1,232)	(1,203)
Disposals	-	(375)	-	(338)	(713)
Balance, Dec 31, 2022	8,127	19,933	219,540	1,087	248,687
Additions	209	1,393	3,071	4,040	8,713
Transfers	-	-	-	(3,996)	(3,996)
Disposals	-	(2,136)	(106)	-	(2,242)
Balance, Dec 31, 2023	8,336	19,190	222,505	1,131	251,162
<b>Accumulated depreciation</b>					
Balance, Jan 1, 2022	3,951	14,277	72,782	-	91,010
Additions	265	911	8,039	-	9,215
Disposals	-	(250)	-	-	(250)
Balance, Dec 31, 2022	4,216	14,938	80,821	-	99,975
Additions	280	879	7,969	-	9,128
Impairment	-	-	624	-	624
Disposals	-	(1,877)	(65)	-	(1,942)
Balance, Dec 31, 2023	4,496	13,940	89,349	-	107,785
<b>Net Book Value</b>					
At Dec. 31, 2022	3,911	4,995	138,719	1,087	148,712
At Dec. 31, 2023	3,840	5,250	133,156	1,131	143,377

At December 31, 2023, property, plant and equipment with a carrying amount of \$138,473 (2022 - \$143,873) is pledged as security on the long-term debt (see note 12). Work in progress is comprised of \$1,131 (2022 - \$1,087) of major sustaining capital repairs on existing assets that had not been completed at December 31. Generation assets include land with an unamortized cost of \$2,752 (2022 - \$2,752).

The Company regularly monitors the performance of its assets to ensure that the long-term financial performance meets or exceeds the carrying value. During the year, it became evident that due to the diversion of significant volumes of waste from the landfill, most notably the diversion of organic waste that commenced in October, the Landfill Gas Electricity Generating Asset would not meet its expectations. The Company calculated the net present value of the asset to be Nil, resulting in the recognition of a \$630 impairment charge to property, plant and equipment.

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**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2023	2022
	\$	\$
Trade payables and accrued liabilities	7,387	3,783
Commodity taxes payable	145	211
Payroll payable	72	119
Holdbacks	8	10
Dividend payable	-	1,800
	7,612	5,923

**9. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS**

*As a lessee*

The Company has lease contracts for land, roof space at the sites of generation facilities and office equipment. The leases for land and roof space have terms that are matched to the life of their associated generation contract, which is typically 20 years. Renewal options for the land and roof space are in place to extend the duration of the leases should electricity generation at the facilities still be economically viable at the end of the initial term. The leases for office equipment are four years and renew indefinitely until cancelled.

Right of use assets

The following is the continuity of the cost and accumulated depreciation of ROU assets:

	2023	2022
	\$	\$
Cost, beginning of year	5,884	5,867
Additions	57	75
Disposal	-	(58)
Cost, end of year	5,941	5,884
Accumulated amortization, beginning of year	1,187	944
Amortization	320	322
Disposal	-	(79)
Accumulated amortization, end of year	1,507	1,187
Net book value	4,434	4,697

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

**9. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, continued**

Lease liabilities

The following is the continuity of lease liabilities:

	2023	2022
	\$	\$
Balance beginning of year	5,256	5,413
Additions made during the year	57	75
Lease payments	(484)	(461)
Interest expense on lease liabilities	227	229
Balance, end of year	5,056	5,256
Current	268	262
Non-current	4,788	4,994
Total lease liabilities	5,056	5,256

The future undiscounted contractual minimum lease payments are as follows:

	\$
2024	462
2025	463
2026	463
2027	464
2028	464
Thereafter	4,659
	6,975

The company makes variable lease payments for land, and space on the roofs at the sites of generation facilities. During the year \$503 (2022 - \$449) was recognized through expense on the consolidated statement of income.

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

**9. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, continued**

*As a lessor*

During the year, the company recognized operating lease income of \$1,853 (2022 - \$1,877) on rentals of hot water tanks.

The future minimum undiscounted operating lease payments to be received by the Company are as follows:

	\$
2024	567
2025	422
2026	270
2027	141
	1,400

**10. PROVISIONS**

The Company is liable for the decommissioning of the following projects:

- Landfill gas generation project owned by LFG Power Corporation, a subsidiary of PUI;
- Roof top and ground mount solar generation projects owned by Peterborough Solar Projects Corporation, a subsidiary of PUI; and
- Waste water treatment plant generation project owned by PUI.

In recognition of these liabilities, decommissioning provisions are recognized at the present value of the expected future cash outflows required to settle these obligations utilizing a discount rate of 5% (2022 - 5%).

	2023	2022
	\$	\$
Decommissioning provision, beginning of year	945	900
Accretion of discount	45	45
Decommissioning provision, end of year	990	945
Composition		
Peterborough Solar Projects Corporation	754	720
Peterborough Utilities Inc.	102	97
LFG Power Corporation	134	128
Total provision	990	945

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

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**11. EMPLOYEE FUTURE LIABILITIES**

(a) Employee Future Liabilities

Employee future liabilities are comprised of vested sick leave and accrued benefit liabilities related to the Company's post-employment medical and life insurance plan. Amounts accrued in these financial statements are summarized as follows:

	2023	2022
	\$	\$
Vested sick leave liabilities	328	332
Accrued employee benefit liabilities	4,026	5,365
Employee future liabilities	4,354	5,697

(b) Post Employment Medical and Life Insurance Plan

Under the plan, the Company provides certain health care, dental care, life insurance and other benefits for certain retired employees. The present value of the employee benefit liabilities are actuarially determined and fully reflected as an obligation. Actuarial gains and losses arising from these plans are recognized in other comprehensive income during the period in which they occur.

The accrued employee benefit liabilities are based on an actuarial valuation as at December 31, 2023. A reconciliation of the obligation for these liabilities is as follows:

	2023	2022
	\$	\$
Accrued employee benefit liabilities, beginning of year	5,365	5,319
Current service cost	158	160
Interest expense	136	134
Benefits paid	(250)	(248)
Net Actuarial Gain	(1,383)	-
Accrued employee benefit liabilities, end of year	4,026	5,365

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

**11. EMPLOYEE FUTURE LIABILITIES, continued**

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligation are:

	2023 %	2022 %
Discount rate	4.65	2.60
Rate of compensation increase	2.75	2.75
Medical benefits costs escalation	4.90	4.90
Dental benefits cost escalation	5.10	5.10

The Company recognizes all actuarial gains and losses arising from these plans in other comprehensive income during the period in which they occur and all expenses related to defined benefit plans in income from operations. The actuarial gains and losses are not reclassified to income from operations in subsequent periods. The plan is not funded and accordingly there are no plan assets.

(c) Sensitivity Analysis

The approximate effects on the accrued benefit obligation of the entire plan and the estimated net benefit expense of the entire plan if the discount rate assumption was increased or decreased by 1%, or the health care trend rate assumption was increased or decreased by 1% and all other assumptions were held constant, are as follows:

	Period Benefit Cost	Defined Benefit Obligation
1% increase in discount rate	(20)	(423)
1% decrease in discount rate	(16)	521
1% increase in health care trend rate	5	174
1% decrease in health care trend rate	(37)	(153)

(d) Pension Plan

The Company's share of contributions to the OMERS defined benefit pension plan during the year amounted to \$979 (2022 - \$1,010).

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

**12. LONG-TERM DEBT**

	Note	Maturity	Rate %	2023 \$	2022 \$
Trent Rapids Power Corporation – debenture	a)	2025	4.74	3,464	5,522
Lily Lake Solar Inc. – debenture	b)	2031	3.74	13,537	15,404
Trent Energy Inc. – secured promissory note	c)	2032	4.49	10,307	11,216
Peterborough Utilities Inc. – term loan	d)	2037	4.93	63,058	65,287
				90,366	97,429
Current portion of debt				(7,326)	(7,068)
				83,040	90,361

- (a) This debenture payable to Ontario Infrastructure and Lands Corporation (“IO”), is secured by a first charge on all property and equipment of Trent Rapids Power Corporation, primarily the 8.0 MW Robert G. Lake Generating Station. Repayment of the loan commenced on August 3, 2010 and consists of monthly blended payments of principal and interest of \$189 at an interest rate of 4.74%. The Loan is due July 3, 2025.
- (b) This debenture payable to IO, is secured by a first charge on all property and equipment of Lily Lake Solar Inc. Commencing in April 2012 the loan is repayable in monthly principal payments of \$155 plus interest at 3.74%, maturing March 3, 2031.
- (c) This note payable to IO, is secured by a first charge on all property and equipment of Trent Energy Inc., primarily the 3.9 MW Stanley Adamson Powerhouse. Repayment of the loan commenced July 16, 2014 consisting of monthly blended payments of principal and interest at 4.49% of \$116. The loan is due December 16, 2032.
- (d) This term loan payable to The Canada Life Assurance Company is secured by a general security agreement and debentures charging all the real property and assignments of material contracts for Peterborough Utilities Inc, London Street Power Corporation, Campbellford/Seymour Electric Generation Inc and Peterborough Solar Projects Corporation. Repayment of the loan commenced September 30, 2018, consisting of monthly blended payments of principal and interest of \$454 at an interest rate of 4.96%. The loan is due August 31, 2037, with a final balloon payment of \$18,454.

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

**12. LONG-TERM DEBT, continued**

All of the Company's lending agreements require maintenance of certain financial covenants and restricted cash reserves as stated in note 4. Throughout the year and at December 31, 2023 the Company was compliant with its financial covenants. The above lending facilities are also secured by a postponement and subordination of creditor's claim executed by the Company's shareholder.

The aggregate amounts of principal payments required are:

	\$
2024	7,326
2025	6,641
2026	5,509
2027	5,692
2028	5,883
Thereafter	59,315
	<u>90,366</u>

**13. SHARE CAPITAL**

Authorized:

Unlimited number of common shares  
Unlimited number of preferred shares

Issued:

	2023 \$	2022 \$
6,349 common shares	34,258	34,258

**14. ACCUMULATED OTHER COMPREHENSIVE LOSS**

The Company's accumulated other comprehensive loss is comprised of:

	2023 \$	2022 \$
Actuarial gain on accrued employee benefit liabilities, net of tax	384	1,151
Other comprehensive income from discontinued operations, net of tax	1,158	1,158
	<u>1,542</u>	<u>2,309</u>



# CITY OF PETERBOROUGH HOLDINGS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(in thousands of dollars)

### 15. REVENUE

	2023	2022
	\$	\$
Electricity generation	26,666	25,440
Professional services	15,017	14,100
Metering and technical services	2,691	1,967
Water heater rental	1,834	1,877
Building rental and other	1,532	1,546
	47,740	44,930

Subsidiaries of the company have contracts to sell the electric power that they generate to the Independent Electricity System Operator ("IESO"). Details of the contracts for facilities in operation are:

Company	2023 Price per kWh	Inflationary escalation	Contract capacity (kW)	Expiry Date
PUI	\$0.13385	Partial	10,000	December 31, 2029
PUI	\$0.17690	Partial	380	August 15, 2036
PSPC	\$0.31600	Fixed price	250	October 16, 2036
PSPC	\$0.31600	Fixed price	250	October 15, 2036
PSPC	\$0.32900	Fixed price	432	March 17, 2036
PSPC	\$0.29800	Fixed price	500	September 2, 2037
PSPC	\$0.29800	Fixed price	500	September 2, 2037
PSPC	\$0.29800	Fixed price	500	September 2, 2037
PSPC	\$0.29800	Fixed price	500	September 2, 2037
PSPC	\$0.29800	Fixed price	500	September 2, 2037
PSPC	\$0.29800	Fixed price	500	September 2, 2037
PSPC	\$0.28500	Fixed price	500	April 9, 2038
PSPC	\$0.28500	Fixed price	500	April 9, 2038
PSPC	\$0.28500	Fixed price	500	April 9, 2038
PSPC	\$0.28500	Fixed price	500	April 9, 2038
PSPC	\$0.28500	Fixed price	500	April 9, 2038
PSPC	\$0.28500	Fixed price	500	April 9, 2038
PSPC	\$0.28500	Fixed price	500	April 20, 2038
PSPC	\$0.28500	Fixed price	500	April 13, 2038
LLSI	\$0.42000	Fixed price	10,000	March 16, 2031
TEI	\$0.16323	Partial	3,900	June 15, 2033
TRPC	\$0.12730	Partial	8,000	December 30, 2049
CSEGI	\$0.09467	Full	2,000	December 31, 2029
CSEGI	\$0.07914	Full	4,000	March 7, 2040
LFG	\$0.12352	Partial	1,600	February 1, 2033

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

**16. OPERATIONS AND ADMINISTRATION EXPENSES**

	2023 \$	2022 \$
Wages and benefits	14,440	14,102
Materials and other operating expenses	6,907	6,535
Administration	2,644	2,356
	23,991	22,993

**17. FINANCE INCOME AND CHARGES**

	2023 \$	2022 \$
Interest income on cash balances	1,483	661
Interest expense on bank debt	4,384	4,689
Accretion	45	45
Interest incurred on lease obligations	311	328
Finance charges	4,740	5,062
Net finance charges recognized in net income	3,257	4,401

**18. INCOME TAXES**

a) Deferred tax assets and liabilities

The effects of the temporary differences that give rise to the deferred income tax assets and liabilities are as follows:

	2023 \$	2022 \$
Deferred tax asset		
Tax basis of PP&E in excess of carrying amount	1,122	930
Losses carried forward	103	79
Provisions	214	244
Capital lease obligations	1,245	1,295
Employee future benefits	1,219	1,575
Other temporary differences	99	98
	4,002	4,221

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

**18. INCOME TAXES, continued**

	2023	2022
	\$	\$
Deferred tax liability		
Other temporary differences	566	1,156
Carrying amount of PP&E in excess of tax basis	18,849	17,684
Carrying amount of intangibles in excess of tax basis	383	401
	19,798	19,241

Losses carried forward expire in 2036. The Company believes that there will be sufficient future taxable income to utilize these amounts in future years.

b) Reconciliation to effective tax rate

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 26.5% (2022 – 26.5%) to the income for the years as follows:

	2023	2022
	\$	\$
Income for the year before income taxes	7,881	7,658
Anticipated income tax expense	2,088	2,029
Increase (decrease) in income taxes resulting from: SR&ED tax credits and other	(101)	(142)
Provision for income taxes	1,987	1,887

**19. DIVIDENDS**

During the year, in accordance with the shareholder direction, the Company made regularly scheduled dividends of \$5,419 (2022 - \$5,312). In the prior year the Company declared an additional non-recurring discretionary dividend in the amount of \$1,800.

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

**20. NET CHANGE IN NON-CASH WORKING CAPITAL**

	2023	2022
	\$	\$
Accounts receivable	(788)	334
Unbilled revenue on customer accounts	165	(238)
Inventories	(151)	(267)
Prepaid expenses	20	12
Accounts payable and accrued liabilities	1,476	664
	722	505

**21. RELATED PARTY TRANSACTIONS**

The Company through its subsidiaries provides services to the Peterborough Utilities Commission, an affiliate, and its Shareholder the Corporation of the City of Peterborough.

Details of services provided during the year to the Peterborough Utilities Commission and the Corporation of the City of Peterborough are:

	2023	2022
	\$	\$
Professional Services	13,663	12,654
Building and vehicle rentals	650	673
Software and equipment rents	163	184
	14,476	13,511

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director. Compensation applicable to management and directors directly or indirectly through allocations from affiliated companies during the year amounted to approximately \$1,320 (2022 - \$1,137).

**22. CAPITAL DISCLOSURES**

The Company's primary objective when managing capital is to address the expectation as outlined in the Unanimous Shareholder Declaration between the City of Peterborough Holdings Inc., and its shareholder, the Corporation of the City of Peterborough. The expectation is that the Company will maintain a prudent financial and capitalization structure consistent with industry norms and on the basis that it is intended to be a self-financed entity.

The business targets to have a capitalization structure of 75% debt and 25% equity consistent with market norms. The Shareholder Declaration further defines that the amounts due to the City of Peterborough are excluded from the definition of debt in assessing the Company's capitalization structure.

Changes in the Company's capital structure are also constrained by existing lending agreement provisions that limit the amount of dividend distributions and the repayment of related party debt subject to certain cash flow tests. Additionally the agreements provide for a restriction on the issuance of new debt or the posting of security without prior lender consent. The Company has complied with these requirements during the year.

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

**22. CAPITAL DISCLOSURES, continued**

The Company's current capital structure is defined as follows:

	2023 \$	2022 \$
Long-term bank debt	90,366	97,429
Share capital	34,258	34,258
Accumulated other comprehensive loss	(1,542)	(2,309)
Retained earnings	32,900	32,425
Equity	65,616	64,374

**23. FINANCIAL INSTRUMENTS**

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arms' length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, restricted cash, accounts receivable, unbilled revenue on customer accounts, accounts payable and accrued liabilities, and customer deposits approximate their carry amounts due to their short-term maturities.

Financial instruments which are disclosed at fair value are to be classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

- i. Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;
- ii. Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- iii. Level 3: Inputs for the liabilities that are not based on observable market data (unobservable inputs).

The Company's fair value hierarchy is classified as Level 2 for bank debt, the promissory note, derivative financial instruments and debentures payable. The classification has been calculated using the discounted cash flow model based on the contractual terms of the instrument discounted using an appropriate market rate of interest. The carrying and fair values of these financial instruments are:

	2023 Carrying value \$	2023 Fair value \$	2022 Carrying value \$	2022 Fair value \$
Long-term debt	90,366	92,137	97,429	99,353

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

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**24. FINANCIAL RISK MANAGEMENT**

In the course of its business the Company may be exposed to various financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. An assessment of these risks as they apply to the Company is provided below:

(a) Credit risk

The Company is not exposed to a significant concentration of credit risk within any customer segment or individual customer. The allowance for collection of doubtful accounts included in accounts receivable is in the amount of \$22 (2022 - \$30).

Pursuant to their respective terms, accounts receivable are aged as follows at December 31:

	2023 \$	2023 %	2022 \$	2022 %
Less than 30 days	5,230	94	4,255	93
30-60 days	58	1	114	3
61-90 days	26	1	32	1
Greater than 91 days	213	4	134	3
Total outstanding	5,527	100	4,535	100
Less: allowance for doubtful accounts	(22)	-	(30)	-
	5,505	100	4,505	100

(b) Interest rate risk

The Company is not exposed to interest rate risk on its fixed rate debt with IO or Canada Life. The Company is exposed to fluctuations in interest rates for the valuation of its post-employment benefit obligations.

(c) Foreign currency risk

The Company conducts the majority of its business without significant exposure to foreign currency.

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023  
(in thousands of dollars)

**24. FINANCIAL RISK MANAGEMENT, continued**

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they occur. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

<b>2023</b>	<b>Undiscounted cash flows (principal and interest)</b>					
	Carrying amount \$	Under 1 year \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Total \$
Long-term debt	90,366	11,456	10,436	26,909	76,530	125,331
Accounts payable and accruals	7,612	7,612	-	-	-	7,612
	97,978	19,068	10,436	26,909	76,530	132,943

<b>2022</b>	<b>Undiscounted cash flows (principal and interest)</b>					
	Carrying amount \$	Under 1 year \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Total \$
Long-term debt	97,429	11,524	11,456	28,677	84,036	135,693
Accounts payable and accruals	5,923	5,923	-	-	-	5,923
	103,352	17,447	11,456	28,677	84,036	141,616

(e) Commodity price risk

The Company is not exposed to electricity commodity price risk as the Company entered into long term power purchase agreements with the IESO providing price stability. Details regarding these contracts are included in note 15.

**CITY OF PETERBOROUGH HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**  
**(in thousands of dollars)**

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**25. CONTINGENCIES**

The Company has the following contingent liabilities:

- (a) The Company participates with other municipal utilities in Ontario in an agreement to exchange reciprocal contracts of indemnity through the Municipal Electric Association Reciprocal Insurance Exchange. Under this agreement, the Company is contingently liable for additional assessments to the extent that premiums collected are not sufficient to cover actual losses, claims and costs experiences.
- (b) As per article 11 of the Asset Purchase Agreement dated the 31<sup>st</sup> day of July 2018, the Company has provided certain indemnifications to Hydro One Inc., the aggregate of which shall not exceed \$3 million, and of which the outcomes are indeterminable at this time. No amounts in connection with this contingency have been reflected in the statements.

**26. TRANSFER OF OPERATIONS**

On December 11, 2023, the City of Peterborough Council approved in principle the transfer of the water operations operating as the Peterborough Utilities Commission ("PUC"), including the Riverview Park and Zoo ("RPZ"), to the City.

Under a service arrangement model, PUGSC, a subsidiary of the Company, provides to the PUC operations all of the employees and related supporting assets and systems to run the PUC operations. The removal of these employees and related supporting assets and systems from PUGSC will have a material impact on the operations of the Company as the professional services provided to affiliated companies will be decreased. The operations of PUI and its subsidiary companies are not expected to be materially impacted by this transition.

Subsequent to the year end, and in addition to the transfer, the City commenced a due diligence review of the water operations operating as the PUC and the RPZ.

Certain expenditures that will be incurred to address both the due diligence review and the transfer of operations, including legal and professional fees to address the orderly transition of personnel, systems, assets and liabilities of these operations have been accounted for in these financial statements and are presented as Transition Costs on the statement of income. These expenditures are best estimates based on current conditions and expectations and may change depending on the scope of the due diligence work required.



**PETERBOROUGH UTILITIES COMMISSION**  
**FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Chair and Members of the Peterborough Utilities Commission**

#### *Opinion*

We have audited the financial statements of Peterborough Utilities Commission (the Commission), which comprise the statement of financial position as at December 31, 2023 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Peterborough, Ontario  
April 24, 2024

**PETERBOROUGH UTILITIES COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**At December 31, 2023**

	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	25,717,042	26,535,573
Accounts receivable		
Customer accounts	1,212,234	1,170,531
Sewer surcharge	1,300,824	1,318,861
Sundry	705,208	768,759
Unbilled water revenue on customer accounts	1,434,036	1,708,280
Unbilled sewer surcharge	1,481,206	1,708,280
	31,850,550	33,210,284
<b>LIABILITIES</b>		
Accounts payable and accrued charges	5,085,989	5,130,242
Sewer surcharge payable (Note 7)	3,615,038	3,726,876
Long term debt (Note 5)	11,044,023	12,115,977
Customer deposits	423,211	409,910
Asset retirement obligation (Note 6)	59,650	-
	20,227,911	21,383,005
<b>NET FINANCIAL ASSETS</b>	11,622,639	11,827,279
<b>NON-FINANCIAL ASSETS</b>		
Inventories	933,764	792,049
Tangible capital assets (Note 8)	124,809,205	121,612,018
	125,742,969	122,404,067
<b>ACCUMULATED SURPLUS (Note 9)</b>	<b>137,365,608</b>	<b>134,231,346</b>

Approved By The Commission

Chair

Member

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

**PETERBOROUGH UTILITIES COMMISSION**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
For The Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>REVENUES</b>			
Sale of water	19,025,000	19,242,005	18,729,962
Contributed capital installation charges	300,000	131,369	522,022
Development charges earned	667,000	34,963	596,951
Fire protection	650,000	650,000	650,000
Sewer surcharge billings	448,000	447,625	439,000
Riverview Park and Zoo (Note 13)	321,000	335,288	312,822
Interest	700,000	1,492,773	620,939
Other	325,000	473,910	321,136
Electricity	350,000	291,424	280,452
Donations	50,000	81,460	139,411
	22,836,000	23,180,817	22,612,695
<b>EXPENSES</b>			
Water treatment and storage	4,793,000	4,617,042	4,357,134
Water distribution	2,454,000	2,135,722	2,213,994
Riverview Park and Zoo (Note 13)	1,911,000	2,117,380	2,041,057
Administration	4,424,000	4,639,100	4,272,235
Amortization	6,375,000	6,230,539	6,099,524
Interest	360,000	306,772	346,116
	20,317,000	20,046,555	19,330,060
<b>ANNUAL SURPLUS</b>	2,519,000	3,134,262	3,282,635
<b>OPENING ACCUMULATED SURPLUS</b>	132,612,000	134,231,346	130,948,711
<b>CLOSING ACCUMULATED SURPLUS</b>	<b>135,131,000</b>	<b>137,365,608</b>	<b>134,231,346</b>

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

# PETERBOROUGH UTILITIES COMMISSION

## STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2023

	2023 \$	2022 \$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATIONS</b>		
Annual surplus	3,134,262	3,282,635
Add: Non-cash charges to operations		
Amortization	6,230,539	6,099,524
Contributed capital installation charges	(131,369)	(522,022)
	9,233,432	8,860,137
Change in non-cash working capital items (Note 10)	256,698	(1,541,226)
	9,490,130	7,318,911
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	(9,236,707)	(6,650,835)
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	(1,071,954)	(1,057,298)
<b>NET CHANGE IN CASH DURING THE YEAR</b>	<b>(818,531)</b>	<b>(389,222)</b>
<b>CASH POSITION - BEGINNING OF YEAR</b>	<b>26,535,573</b>	<b>26,924,795</b>
<b>CASH POSITION - END OF YEAR</b>	<b>25,717,042</b>	<b>26,535,573</b>

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



**PETERBOROUGH UTILITIES COMMISSION**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**For The Year Ended December 31, 2023**

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>ANNUAL SURPLUS</b>	2,519,000	3,134,262	3,282,635
Acquisition of Tangible Capital Assets	(9,828,000)	(9,368,076)	(7,172,857)
Amortization of Tangible Capital Assets	6,375,000	6,230,539	6,099,524
Decrease in Inventories	(100,000)	(141,715)	(183,046)
Increase in Asset Retirement Obligation	-	(59,650)	-
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(1,034,000)	(204,640)	2,026,256
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	9,504,000	11,827,279	9,801,023
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>8,470,000</b>	<b>11,622,639</b>	<b>11,827,279</b>

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

# PETERBOROUGH UTILITIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2023

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### 1. NATURE OF ORGANIZATION

Operating under the authority of the Municipal Act, the Peterborough Utilities Commission (the "Commission") provides water services to the residents of the City of Peterborough along with operational governance and funding for the Riverview Park and Zoo.

Under a service arrangement model, PUG Services Corp., a subsidiary of the City of Peterborough Holdings Inc., a company owned 100% by the City of Peterborough, provides the PUC operations, all of the employees and related supporting assets and systems to run the PUC operations.

On December 11, 2023, the City of Peterborough Council approved in principle the cancellation of the service agreement and the transfer of the Commission, including the Riverview Park and Zoo to the City. This transfer of the operations is expected to take place in 2024 and should not have a material impact on the overall operations of the Commission.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Peterborough Utilities Commission have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their local boards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

Significant aspects of the accounting policies adopted by the Commission are as follows:

#### (a) Recognition of Revenue and Expenses

Revenue is recorded using the accrual basis of accounting, as water is used by customers. Unbilled revenue is calculated as the estimated consumption between the last meter reading date and the year end date.

The value of distribution systems installed by developers is recorded in revenue as capital installation charges in the year in which the Commission assumes ownership at the fair market value.

Development charges are recognized as revenue when they are transferred out of the reserve fund and spent on growth related projects.

Revenue from fire protection, sewer charges and electricity is recognized when the service is provided.

Expenses are recognized in the period the goods or services are acquired and a legal liability is incurred by transfers are due.

#### (b) 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 as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Significant estimates and assumptions used in the preparation of financial statements include, but are not limited to: estimates of revenue, allowance for doubtful



**PETERBOROUGH UTILITIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended December 31, 2023**

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**2. SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

accounts, and amortization rates, carrying values of property, plant and equipment, and asset retirement obligations. Actual results could differ from these estimates.

**(c) Inventories**

Inventories consist of maintenance supplies and construction materials and are valued at the lower of moving average cost and replacement cost.

**(d) Tangible Capital Assets**

Tangible capital assets are stated at cost or deemed cost. Amortization on the water treatment plant and reservoirs, distribution system and Riverview Park and Zoo (purchased from operating and donated funds) is recorded on a declining balance basis at a rate of 5% per annum. Water meters are amortized on a straight-line basis over 20 years. The Commission capitalizes assets with a value of \$5,000 or greater.

Tangible capital assets categorized as construction-in-progress are not amortized until they are put into service.

**(e) Reserve Funds**

Certain amounts as approved by the Commission and those required under legislative or other authority are set aside in reserve funds for future operating or capital purposes. Transfers to and/or from reserve funds are an adjustment to the respective fund when approved or required by agreement.

The following reserve funds are included in the accumulated surplus:

**(i) Water Treatment Plant Reserve Fund**

In December 1990, the City of Peterborough passed a by-law authorizing the Peterborough Utilities Commission to establish a reserve fund for the purpose of upgrading the water treatment plant. The established practice is to appropriate 4.2% of the water revenues to this fund each year. Utilization of these funds is authorized by the Commission.

**(ii) Park And Zoo Major Projects Reserve Fund**

In September 1993, the City of Peterborough passed a by-law authorizing the Peterborough Utilities Commission to establish a reserve fund for major projects at the Riverview Park and Zoo. The revenues received for this fund include donations from estates and the general public, the utility's share of profits from the refreshment booth operations and profits from the sale of birds and animals. Utilization of these funds is authorized by the Commission on a project-by-project basis based upon the recommendation of the Riverview Park and Zoo Advisory Committee.

**PETERBOROUGH UTILITIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended December 31, 2023**

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**2. SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**(iii) Park and Zoo Animal Care Reserve Fund**

In July 1999, the City of Peterborough passed a by-law authorizing the Peterborough Utilities Commission to establish a reserve fund for animal care at the Riverview Park and Zoo. The fund was established through a capital donation from a Peterborough resident. The income generated annually will be used for the care, treatment, habitat or display of the animals at the Riverview Park and Zoo for special or exceptional purposes beyond standard care.

**(iv) Park and Zoo State of Good Repair Reserve Fund**

In November 2016, the Commission authorized the establishment of an internally restricted Riverview Park and Zoo state of good repair reserve fund. The purpose of the fund is to cover major repair and maintenance costs incurred by the Riverview Park and Zoo that would be required to maintain the quality of its tangible capital assets.

**(f) Non-Financial Assets**

Tangible capital and other non-financial assets are accounted for as assets by the Commission because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Commission unless they are sold.

**(g) Inter-Entity Transactions**

The Commission has an agreement with the City of Peterborough, which results in transactions between the two entities.

Allocated costs between the City of Peterborough and the Commission, are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the City of Peterborough.

**(h) Financial Instruments**

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

<b>Financial Instrument</b>	<b>Measured Method</b>
Cash	Amortized Cost*
Accounts receivable	Cost
Unbilled revenue	Amortized Cost*
Accounts payable	Amortized Cost*
Sewer surcharge payable	Amortized Cost*
Customer deposits	Amortized Cost*
Long term debt	Amortized Cost*



**PETERBOROUGH UTILITIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended December 31, 2023**

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**2. SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

\*Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Commission manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. The Commission has no such investments at the reporting date and therefore, the Statement of Remeasurement Gains and Losses is not provided.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

**(i) Asset Retirement Obligation**

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the Commission has been recognized based on estimated future expenses on closure or remediation of the site.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in (d).

# PETERBOROUGH UTILITIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2023

---

### 3. CHANGE IN ACCOUNTING POLICIES

The Commission has implemented the following sections which are now effective under the Public Sector Accounting ("PSA") Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings by public sector entities.

In accordance with the provisions of this new standard, the Commission reflected the following adjustments at January 1, 2023:

- An increase of \$38,950 to the water treatment plant capital asset account, \$16,100 to the water distribution capital asset account and \$4,600 to the Riverview Park and Zoo capital asset account representing the estimate of the obligation as of the date of the adoption of the standard.
- An asset retirement obligation in the amount of \$59,650, representing the estimate of the obligation as of the date of adoption of the standard.



**PETERBOROUGH UTILITIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Year Ended December 31, 2023

4. **CASH**

	2023 \$	2022 \$
Unrestricted cash	15,905,229	18,085,308
Restricted cash	9,811,813	8,450,265
	25,717,042	26,535,573

5. **LONG TERM DEBT**

Long term debt is issued on behalf of the Commission by The Corporation of the City of Peterborough and consists of the following:

	Interest Rate	2023	2022
Date of Maturity/Payment Terms	%	\$	\$
July 5, 2027, semi-annual blended payments of \$274,120	3.18	2,044,023	2,515,977
November 6, 2036, semi-annual principal payments of \$150,000 plus interest	2.79	3,900,000	4,200,000
December 15, 2040, semi-annual principal payments of \$150,000 plus interest	2.04	5,100,000	5,400,000
		11,044,023	12,115,977

**PETERBOROUGH UTILITIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Year Ended December 31, 2023

5. **LONG TERM DEBT - (Continued)**

Future repayments for the long term debt are as follows:

	Principal \$	Interest \$	Total \$
2024	1,087,083	270,947	1,358,030
2025	1,102,695	240,262	1,342,957
2026	1,118,808	209,659	1,328,467
2027	1,135,437	178,540	1,313,977
2028	600,000	151,670	751,670
Thereafter	6,000,000	743,781	9,743,781
	11,044,023	1,794,859	15,838,882

6. **ASSET RETIREMENT OBLIGATION**

The Commission's asset retirement obligation consists of the following:

**Asbestos Obligation**

The Commission owns and operates several buildings that are known to have asbestos, which represent a health hazard upon demolition or remediation of the buildings and there is a legal obligation to remove it. Following the adoption of PS3280 – Asset retirement obligations, the Commission recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2023.

# PETERBOROUGH UTILITIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2023

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### 7. RELATED PARTY AND INTER-ENTITY TRANSACTIONS

The Commission is a board of the City of Peterborough and is consolidated with the City's financial statements. In the ordinary course of business, the Commission enters into transactions with the Corporation of the City of Peterborough and other related corporations. These transactions, which include the sale of water and the purchase and sale of other goods and services, are exchanged at the same prices and terms as arm's length customers. The affiliated corporations of the Commission are:

The City of Peterborough Holdings Inc.,  
Peterborough Utilities Services Inc.,  
Peterborough Utilities Inc., and  
PUG Services Corp.

Details of services provided during the year by the affiliated corporations to the Commission are:

	2023 \$	2022 \$
Expenditures		
Professional services	9,951,070	9,262,355
Building rent	391,419	394,678
Software and equipment rent	163,759	183,788
	10,506,248	9,840,821

Billing and collecting for the sewer surcharge is done by the Commission for the City of Peterborough. During the year \$447,625 (2022 - \$439,000) was recognized as revenue for providing this service. At December 31, the sewer surcharge payable of \$3,615,038 (2022 - \$3,726,876) recognized on the Statement of Financial Position is payable to the City of Peterborough. All amounts owing to the City are unsecured, without interest and no specific terms of repayment.

**PETERBOROUGH UTILITIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended December 31, 2023**

**8. TANGIBLE CAPITAL ASSETS**

	Water Treatment Plant and Reservoirs \$	Water Distribution System \$	Riverview Park and Zoo \$	Other \$	Construction in Progress \$	Total \$
<b>Cost or Deemed Cost</b>						
Balance at January 1, 2022	51,537,973	188,995,195	11,778,388	17,403	3,679,034	256,007,993
Additions	590,569	3,725,006	174,977	-	2,682,305	7,172,857
Balance at December 31, 2022	52,128,542	192,720,201	11,953,365	17,403	6,361,339	263,180,850
Additions	2,516,776	8,676,264	436,487	-	(2,261,451)	9,368,076
Asset retirement obligation adjustments	38,950	16,100	4,600	-	-	59,650
Balance at December 31, 2023	54,684,268	201,412,565	12,394,452	17,403	4,099,888	272,608,576



**PETERBOROUGH UTILITIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended December 31, 2023**

8. **TANGIBLE CAPITAL ASSETS – (Continued)**

	Water Treatment Plant and Reservoirs \$	Water Distribution System \$	Riverview Park and Zoo \$	Other \$	Construction in Progress \$	Total \$
<b>Accumulated Amortization</b>						
Balance at January 1, 2022	28,250,733	101,540,671	5,660,638	17,266	-	135,469,308
Amortization for the year	1,066,642	4,722,613	310,262	7	-	6,099,524
Balance at December 31, 2022	29,317,375	106,263,284	5,970,900	17,273	-	141,568,832
Amortization for the year	1,092,942	4,827,325	310,265	7	-	6,230,539
Balance at December 31, 2023	30,410,317	111,090,609	6,281,165	17,280	-	147,799,371
<b>Net Book Value</b>						
At December 31, 2022	22,811,167	86,456,917	5,982,465	130	6,361,339	121,612,018
At December 31, 2023	24,273,951	90,321,956	6,113,287	123	4,099,888	124,809,205

# PETERBOROUGH UTILITIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2023

### 9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Operating surplus	13,848,263	16,285,040
Investment in tangible capital assets		
Tangible capital assets - net book value	124,809,205	121,612,018
Long term debt	(11,044,023)	(12,115,977)
Asset retirement obligation	(59,650)	-
Reserve funds (Note 12)	9,811,813	8,450,265
	137,365,608	134,231,346

### 10. CHANGE IN NON-CASH WORKING CAPITAL ITEMS AND OTHER INFORMATION

	2023 \$	2022 \$
Accounts receivable	39,885	(686,663)
Unbilled revenue and sewer surcharge	501,318	(241,560)
Inventories	(141,715)	(183,046)
Accounts payable and sewer surcharge payable	(156,091)	(409,179)
Customer deposits	13,301	(20,778)
	256,698	(1,541,226)
Other information:		
Interest paid	299,982	329,129

# PETERBOROUGH UTILITIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2023

### 11. BUDGET FIGURES

The budget, approved by the Commission, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Changes 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with Public Sector Accounting Board reporting requirements. Budget figures are not subject to audit.

### 12. RESERVE FUNDS

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>TRANSFERS FROM OPERATIONS:</b>			
Sale of water	793,000	810,581	775,028
Development charges	667,000	34,963	596,951
Interest	299,000	474,722	332,592
Donations	50,000	81,460	139,411
	1,809,000	1,401,726	1,843,982
<b>TRANSFERS</b>			
For tangible capital assets	(667,000)	(40,178)	(4,605,397)
<b>CHANGE IN RESERVE FUNDS</b>	1,142,000	1,361,548	(2,761,415)
<b>OPENING RESERVE FUNDS</b>	8,132,000	8,450,265	11,211,680
<b>CLOSING RESERVE FUNDS</b>	<b>9,274,000</b>	<b>9,811,813</b>	<b>8,450,265</b>
<b>ANALYZED AS FOLLOWS:</b>			
<b>INTERNALLY RESTRICTED</b>			
Water treatment plant reserve fund		8,214,933	7,013,962
Park and zoo state of good repair reserve fund		113,056	107,348
		8,327,989	7,121,310
<b>EXTERNALLY RESTRICTED</b>			
Park and Zoo major projects reserve fund		949,012	821,140
Park and Zoo major animal care reserve fund		534,812	507,815
		1,483,824	1,328,955
		<b>9,811,813</b>	<b>8,450,265</b>

# PETERBOROUGH UTILITIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2023

### 13. OPERATIONS FOR RIVERVIEW PARK AND ZOO

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>EXPENSES</b>			
Maintenance park	728,000	686,756	652,768
Maintenance train	99,000	142,278	97,154
Animal care and zoo maintenance	1,084,000	1,288,346	1,291,135
	1,911,000	2,117,380	2,041,057
<b>REVENUES</b>			
Train	130,000	128,623	133,094
Miscellaneous	191,000	206,665	179,728
	321,000	335,288	312,822
<b>NET EXPENSES FOR THE YEAR</b>	<b>1,590,000</b>	<b>1,782,092</b>	<b>1,728,235</b>

### 14. FINANCIAL INSTRUMENTS

#### Risks Arising From Financial Instruments and Risk Management

The Commission's financial instruments consist of cash, accounts receivable, unbilled revenue, accounts payable and accrued charges, sewer surcharge payable, customer deposits and long-term debt. It is the Commission's opinion that the Commission is not exposed to significant market, interest rate, liquidity or currency risks arising from these financial instruments except as otherwise disclosed.

#### *Credit risk*

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Commission's principal financial assets are cash, accounts receivable and unbilled revenue, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Commission's maximum credit exposure as at the Statement of Financial Position date.

**THE ART GALLERY OF PETERBOROUGH**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**THE ART GALLERY OF PETERBOROUGH**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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**INDEPENDENT AUDITOR'S REPORT****To the Board of Directors of the Art Gallery of  
Peterborough***Qualified Opinion*

We have audited the financial statements of The Art Gallery of Peterborough (the Art Gallery), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Art Gallery as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Basis for Qualified Opinion*

The Art Gallery derives revenue from membership fees, workshop fees, donations, sponsorships and fundraising, the completeness of which is not susceptible of satisfactory audit evidence. Accordingly, our verification of these revenues was limited to the amounts recorded by the Art Gallery. Therefore, we were not able to determine whether any adjustments might be necessary to the revenues and annual surplus for the years ended December 31, 2023 and 2022 and net financial assets and accumulated surplus as at December 31, 2023 and 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Art Gallery in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

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In preparing the financial statements, management is responsible for assessing the Art Gallery's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Art Gallery or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Art Gallery's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Art Gallery's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Art Gallery's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Art Gallery to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Peterborough, Ontario  
June 19, 2024





# THE ART GALLERY OF PETERBOROUGH

## STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>		
Cash	188	100
Due from City of Peterborough (note 13)	420,145	517,728
Accounts receivable	97,466	112,290
Gallery shop inventory	22,166	25,580
<b>TOTAL FINANCIAL ASSETS</b>	<b>539,965</b>	<b>655,698</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	73,610	136,522
Deferred revenue (note 7)	129,706	198,096
<b>TOTAL LIABILITIES</b>	<b>203,316</b>	<b>334,618</b>
<b>NET FINANCIAL ASSETS</b>	<b>336,649</b>	<b>321,080</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	6,708	8,894
<b>ACCUMULATED SURPLUS (note 8)</b>	<b>343,357</b>	<b>329,974</b>

*The accompanying notes are an integral part of these financial statements*

# THE ART GALLERY OF PETERBOROUGH

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>REVENUES</b>			
Grants			
City of Peterborough - operating and capital	554,226	571,691	577,523
Ontario Arts Council (OAC)	58,404	64,504	60,504
OAC -Whiten Project	-	8,551	5,000
OAC - Recovery Fund	-	4,433	22,367
Canada Council for the Arts	82,000	82,000	82,000
Canada Council for the Arts- Reopening Supplement	-	-	16,400
Canadian Heritage - Reopening Fund	49,327	55,406	23,423
Canadian Heritage - Project Workers	15,000	20,486	12,946
Private Support			
Membership fees	4,500	4,780	5,259
Workshop fees	42,500	29,072	12,801
Fundraising	40,000	43,434	19,563
Donations and sponsorships (note 9)	51,500	48,407	52,298
Donated artwork and acquisitions	-	375,932	43,612
Other Revenue			
Interest income	2,000	21,444	11,491
Ontario Arts Foundation Endowment interest	6,000	7,097	6,861
Miscellaneous (note 10)	17,500	10,726	22,798
Gallery shop	52,000	52,192	47,197
<b>TOTAL REVENUES</b>	<b>974,957</b>	<b>1,400,155</b>	<b>1,022,043</b>
<b>EXPENSES</b>			
Operating (note 12)	850,260	876,428	782,553
Program (note 11)	124,697	102,456	134,796
Art acquisitions	-	158,500	25,500
Donated art for fundraising	-	217,432	18,112
OAC - Recovery Fund	-	4,433	22,367
OAC - Whiten Project	-	8,551	5,000
Capital project	-	-	3,177
Canadian Heritage - Reopening Fund (note 11)	-	18,972	5,712
<b>TOTAL EXPENSES</b>	<b>974,957</b>	<b>1,386,772</b>	<b>997,217</b>
<b>ANNUAL SURPLUS</b>	<b>-</b>	<b>13,383</b>	<b>24,826</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>329,974</b>	<b>305,148</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>343,357</b>	<b>329,974</b>

The accompanying notes are an integral part of these financial statements

# THE ART GALLERY OF PETERBOROUGH

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>ANNUAL SURPLUS</b>	-	13,383	24,826
Change in prepaid expenses	-	2,186	(1,206)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	-	15,569	23,620
<b>NET FINANCIAL ASSETS - beginning of year</b>	321,080	321,080	297,460
<b>NET FINANCIAL ASSETS - end of year</b>	321,080	336,649	321,080

*The accompanying notes are an integral part of these financial statements*

# THE ART GALLERY OF PETERBOROUGH

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	13,383	24,826
Change in non-cash assets and liabilities		
Due from City of Peterborough	97,583	(150,781)
Accounts receivable	14,824	(4,784)
Gallery shop inventory	3,414	(1,292)
Prepaid expenses	2,186	(1,206)
Accounts payable and accrued liabilities	(62,912)	81,894
Deferred revenue	(68,390)	51,343
<b>NET CHANGE IN CASH</b>	88	-
<b>CASH - beginning of year</b>	100	100
<b>CASH - end of year</b>	188	100

*The accompanying notes are an integral part of these financial statements*

# THE ART GALLERY OF PETERBOROUGH

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 1. NATURE OF OPERATIONS

The Art Gallery of Peterborough is a public art gallery that collects and exhibits visual works of art. The Art Gallery of Peterborough (the "Art Gallery") is incorporated in the Province of Ontario as a non-profit organization without share capital.

The Art Gallery's collection includes 2,113 art objects covering a range of media including paintings, sculptures, installation pieces, drawings, etchings, serigraphs and photographs. The works of art are primarily by contemporary Canadian artists.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

#### (a) Recognition of Revenues and Expenses

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

##### Grants

Restricted grants are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Grant funding is dependent ultimately on the acceptance of reports filed with the agencies funding the programs.

##### Private support and other revenue

Development charges are recognized in the period in which the related expenditures are recorded.

Workshop fees are recorded as revenue when the event takes place.

Gallery shop and catalogue sales are recognized at the time of transfer of ownership to the customer.

#### (b) Deferred Revenue

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

# THE ART GALLERY OF PETERBOROUGH

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (c) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards 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 judgments (often as a result of matters that are inherently uncertain) include, among others, valuation of inventory and accrued liabilities. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

#### (d) Donated Items and Services

Donated items are recorded at fair value at the date of contribution and are recorded as gifts in kind revenue with an offsetting expense.

These financial statements do not reflect the significant value of services contributed by Board members or volunteers.

#### (e) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis.

The Art Gallery has no significant tangible capital assets.

#### (f) Works of Art

In accordance with accounting policies for local governments as recommended by the Chartered Professional Accountants Public Sector Accounting (PSA) Handbook, the value of works of art has been excluded from the statement of financial position. Purchased and donated art is recorded in the statement of operations and changes in accumulated surplus at cost and as its own expense.

#### (g) Inventory

The Art Gallery of Peterborough's gift shop inventory is recorded at cost, as determined by the first-in, first-out method. Publication inventory is recorded at cost. Publication inventory older than one year is deemed to have a market value of zero.

#### (h) Income Tax Status

The Art Gallery qualifies as a registered charitable organization as defined by the Federal and Provincial Income Tax Acts and accordingly is not subject to income tax.

# THE ART GALLERY OF PETERBOROUGH

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (i) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Due from City of Peterborough	Amortized Cost
Accounts receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Fair value category: The Art Gallery manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

# THE ART GALLERY OF PETERBOROUGH

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (j) Inter-Entity Transactions

The Art Gallery is a related party of the City of Peterborough.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Art Gallery.

### 3. PENSION AGREEMENTS

Certain employees of the Art Gallery are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Art Gallery does not recognize any share of the OMERS pension surplus or deficit.

The required contributions to OMERS in 2023 were \$36,693 (2022 - \$33,530).

### 4. ECONOMIC DEPENDENCE

A substantial portion of the revenues of the Art Gallery is derived from grants from the City of Peterborough. The nature and extent of this revenue is of such significance that the Art Gallery is economically dependent upon this source of revenue.

### 5. BUDGET FIGURES

The budget, approved by the Board of Directors of the Art Gallery, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. 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.

### 6. ARRANGEMENT WITH THE CITY OF PETERBOROUGH

In 2001, the Art Gallery was invited by the City of Peterborough to join its Culture and Heritage Division. Under the terms of this arrangement, the Board of Directors of the Art Gallery remains as its governing authority and continues to be responsible for the overall financing of its operations. The City of Peterborough has agreed to accept the full-time staff of the Art Gallery as City employees and provide financial and other support services. These arrangements became effective April 1, 2001.



# THE ART GALLERY OF PETERBOROUGH

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 7. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	2023 \$	2022 \$
Canada Council for the Arts	19,250	19,250
Gift Certificates	50	50
OAC - Recovery Fund	-	4,433
OAC - Whiten Project	10,199	18,750
Canadian Heritage - Reopening Fund	100,207	155,613
	129,706	198,096

The continuity of deferred revenue is as follows:

	2023 \$	2022 \$
Balance - beginning of year	198,096	146,753
Add amounts received:		
Canada Council for the Arts	82,000	82,000
Ontario Arts Council (OAC)	64,504	-
Canadian Heritage - Reopening Fund	-	179,037
	146,504	261,037
Less transfer to operations:		
Canada Council for the Arts	82,000	82,000
Ontario Arts Council (OAC)	64,504	60,504
OAC - Recovery Fund	4,433	22,367
OAC - Whiten Project	8,551	5,000
Canadian Heritage - Reopening Fund	55,406	23,423
Canada Council for the Arts - Reopening Supplement	-	16,400
	214,894	209,694
Balance - end of year	129,706	198,096

# THE ART GALLERY OF PETERBOROUGH

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 8. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Art Acquisition Fund	75,107	60,707
Endowment Fund	101,164	101,164
Unspent capital	82,265	82,265
Program Reserve	84,821	85,838
	<b>343,357</b>	<b>329,974</b>

	Art Acquisition Fund \$	Endowment Fund \$	Unspent Capital \$	Program Reserve \$	2023 Total \$	2022 Total \$
<b>BALANCE - beginning of year</b>	60,707	101,164	82,265	85,838	329,974	305,148
Annual Surplus/ (Deficit)	14,400	-	-	(1,017)	13,383	24,826
<b>BALANCE - end of year</b>	<b>75,107</b>	<b>101,164</b>	<b>82,265</b>	<b>84,821</b>	<b>343,357</b>	<b>329,974</b>

### 9. DONATIONS AND SPONSORSHIP REVENUE

Donation revenue recognized in the Statement of Operations and Accumulated Surplus includes the following:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Individual donations	6,000	3,063	3,308
Lobby donation box	3,000	6,944	5,165
Sponsorships	40,000	23,600	17,245
Donation to Acquisition Fund	-	14,400	26,580
Sponsorship through the City of Peterborough	2,500	400	-
	<b>51,500</b>	<b>48,407</b>	<b>52,298</b>

# THE ART GALLERY OF PETERBOROUGH

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 10. MISCELLANEOUS REVENUES

Miscellaneous revenues recognized in the Statement of Operations and Accumulated Surplus includes the following:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Kawartha Autumn Studio tour	10,000	9,000	7,388
Touring exhibit	7,500	-	15,410
Administration fees	-	1,726	-
	17,500	10,726	22,798

### 11. PROGRAM EXPENSES

	Budget 2023 (Unaudited) \$	Actual 2023 \$	Actual 2022 \$
Artists' fees	48,410	38,744	41,188
Cartage	10,200	12,715	9,178
Advertising and publicity	-	-	10,191
Prep and install	16,000	19,699	14,127
Travel and accommodation	3,000	5,157	8,982
Publications	-	1,018	33,102
Materials for workshops	6,500	1,953	2,777
Instructors' fees	31,537	15,582	7,691
Kawartha Autumn Studio tour	4,500	7,588	7,560
Public event	4,550	-	-
	124,697	102,456	134,796

Expenses for publications and promotions covered by Canadian Heritage Recovery fund totaled \$18,972 and included advertising, publication costs, website development, exhibition photography and video work.

# THE ART GALLERY OF PETERBOROUGH

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 12. OPERATING EXPENSES

	Budget 2023 (Unaudited) \$	Actual 2023 \$	Actual 2022 \$
<b>Staff Salaries and Benefits</b>			
Salaries and wages	463,161	463,504	430,271
Benefits	122,079	103,543	104,341
	585,240	567,047	534,612
<b>Buildings Operations and Maintenance</b>			
Utilities	33,014	32,746	31,297
Insurance	10,583	10,236	10,386
Repairs and maintenance	29,768	47,233	42,597
Maintenance and custodial services	27,295	30,414	28,928
Off site storage	15,000	17,485	16,445
Preparatory-exhibition	15,000	20,912	16,103
	130,660	159,026	145,756
<b>Office</b>			
Office supplies	10,500	8,708	10,176
Postage and courier	5,800	3,615	3,337
Telephone	3,500	2,684	5,354
Volunteer	2,000	1,139	221
Digital subscriptions	-	5,094	4,015
	21,800	21,240	23,103
<b>Administration</b>			
Bank charges	3,000	2,490	2,360
Memberships	6,500	4,989	2,984
Professional fees	7,000	5,953	5,444
General publicity	15,000	17,787	13,439
Fundraising	20,000	20,684	5,314
Reception and public events	3,000	5,413	1,738
Staff travel and training	7,500	6,774	2,261
	62,000	64,090	33,540
<b>Government Funded Projects</b>			
Project Workers	21,560	29,837	18,284

# THE ART GALLERY OF PETERBOROUGH

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 12. OPERATING EXPENSES, continued

	Budget 2023 \$	Actual 2023 \$	Actual 2022 \$
<b>Gallery Shop</b>			
Shop purchases and consignment payments	27,000	34,363	25,392
Administrative	2,000	825	1,866
	29,000	35,188	27,258
	850,260	876,428	782,553

### 13. INTER-ENTITY TRANSACTIONS

During the year, the Art Gallery entered into transactions with the City of Peterborough.

As part of the budgeting process, the City of Peterborough approves a contribution to the Art Gallery which is identified on the Statement of Operations and Accumulated Surplus.

In addition, the following services are provided to the Art Gallery by the City at no cost:

- Accounting and administrative services
- Rental of buildings

All balances with the City of Peterborough have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

### 14. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Art Gallery assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Art Gallery is exposed to the following risks in respect of certain of the financial instruments held:

#### (a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management the credit risk exposure to the organization is low and is not material.

In the opinion of management, the Art Gallery is not exposed to any significant interest rate, market, liquidity or currency risk.

# THE ART GALLERY OF PETERBOROUGH

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 15. CHANGES IN ACCOUNTING POLICIES

The Art Gallery has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Art Gallery's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Art Gallery's financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Art Gallery's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Art Gallery's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The adoption of this standard did not have an impact on the Art Gallery's financial statements.

### 16. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. The restatement had no effect on prior year's annual surplus (deficit).