

2022

Financial Report

Corporation of the City of Peterborough



Peterborough City Hall

City of Peterborough
2022 Financial Report

TABLE OF CONTENTS

Treasurer's Report.....	1
Five Year Review	10
Consolidated Financial Report.....	14
Local Boards Financial Statements	62
Peterborough Public Library Board	63
Peterborough Downtown Business Improvement Area.....	83
The Village Business Improvement Area	96
Peterborough Housing Corporation	107
Fairhaven	142
Peterborough Public Health	164
City of Peterborough Holdings Inc.	186
Peterborough Utilities Commission	224
The Art Gallery of Peterborough	239

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

Treasurer's Report

December 31, 2022



City of
Peterborough

500 George Street North, Peterborough, ON K9H 3R9

August 14, 2023

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

Treasurer's Report on the 2022 Financial Statements for the Corporation of the City of Peterborough

Introduction

I am pleased to present the Financial Statements for the Corporation of the City of Peterborough (the City) for the period ending December 31, 2022. 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 2022 Capital and Operating Budget on December 13, 2021.

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

As part of the Budget process, the Operating Budget is re-stated into a format that conforms to Public Sector Accounting Standards. Those standards require that all Inter-

fund transfers be eliminated, debt principal be removed and the effects of unfunded liabilities such as employee future benefits and landfill closure and post closure costs be included.

Financial Statements

The accompanying consolidated financial statements are the responsibility of the management of the City. As with all Ontario municipalities, they have been prepared in accordance with the accounting principles and guidelines of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The statements include all organizations that are accountable for the administration of their financial affairs and resources to Council and are owned or controlled by the City. These organizations make up what is known as the reporting entity. Some organizations are fully consolidated whereas others are proportionately consolidated meaning only a percentage of the organization is accounted for. The partially consolidated boards are a result of partnership agreements with the County of Peterborough whereby the City's pro rata share of each of the assets (including tangible capital assets); liabilities, revenues and expenditures are combined on a line-by-line basis in the financial statements. As a government business enterprise, the City of Peterborough Holdings Inc. is accounted for on a Modified Equity basis, which means that the accounting principles of the organization are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

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

Chart 1 - The Reporting Entity

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

External Audit

The financial statements have been audited by the City's external auditors, 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 Finance Committee of City Council of any control or operational issues that may have been identified during the audit. As such, they must be independent and communicate independence in accordance with Canadian professional requirements.

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.

The Impact of the COVID-19 Pandemic

During 2022 City operations continued to be impacted by provincial lockdowns and restrictions as City facilities, programs and services were reopened and resumed normal operations. Some areas of City operations, such as Transit and Recreation, have not returned to pre-pandemic levels of usage by the public. This is reflected in the revenues and expenditures of the consolidated financial statements for the year ended December 31, 2022.

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 2022, the City recorded consolidated revenues of \$379 million (2021 - \$376 million).

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

Chart 2 - Consolidated Revenues

	2022		2021		Variance Increase (Decrease)
	\$	%	\$	%	\$
Property taxation	148,125,168	39.0%	142,427,432	38.4%	5,697,736
Taxation from other governments	3,815,842	1.0%	3,749,018	1.0%	66,824
User fees and service charges	73,198,653	19.3%	66,196,791	17.9%	7,001,862
Government grants and other municipalities	121,408,396	32.0%	128,720,741	34.7%	(7,312,345)
Development levies and contributions from developers	6,770,920	1.8%	6,548,593	1.8%	222,327
Licenses, permits, royalties and rents	5,130,188	1.4%	4,449,308	1.2%	680,880
Fines and other charges	2,380,660	0.6%	2,065,209	0.6%	315,451
Penalties and interest on taxes	789,256	0.2%	838,081	0.2%	(48,825)
Investment income	5,927,133	1.6%	4,425,824	1.2%	1,501,309
Donations and contributed tangible capital assets	376,767	0.1%	1,826,285	0.5%	(1,449,518)
Casino and gaming revenue	2,655,458	0.7%	1,243,826	0.3%	1,411,632
Income from government business enterprise	5,216,000	1.4%	6,114,362	1.6%	(898,362)
Other	3,580,081	0.9%	2,177,337	0.6%	1,402,744
Total Consolidated Revenues	379,374,522	100.0%	370,782,807	100.0%	8,591,715

Revenues increased \$8.59 million due to several factors:

- The net property taxation levy was \$5.7 million higher than the previous year. The approved tax increase was 2.87% which equated to \$5.4 million. In-year assessment changes by MPAC resulting in increased supplementary assessment changes and write-offs netted to an additional \$0.3 million.
- User fees and service charges increased by \$7 million over the previous year as many City facilities and programs resumed normal operations in 2022 after being closed or restricted during 2021 due to the pandemic.
- Government grants decreased by \$7.3 million due to the reduction in funding received from the Province due to the pandemic for lost revenues and increased COVID-related costs.

- Investment income increased by \$1.5 million as market interest rates increased throughout 2022.
- Donations and contributed tangible capital assets decreased by \$1.4 million as 2021 included a significant tangible capital asset that was assumed by the City for \$1.3 million as a one-time transaction that did not occur in 2022.
- Casino Gaming Revenue increased by \$1.4 million as the casino operations returned to normal operations after being restricted due to the pandemic.
- Other revenue was \$1.4 million higher as 2021 included a significant loss on disposal of tangible capital assets that did not occur in 2022.

Consolidated expenses totaled \$358.7 million (2021 - \$327.3 million).

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

Chart 3 - Consolidated Expenses

	2022		2021		Variance Increase (Decrease)
	\$	%	\$	%	\$
General government	37,786,668	10.5%	31,742,918	9.7%	6,043,750
Protection services	58,316,000	16.3%	55,418,122	16.9%	2,897,878
Transportation services	51,638,838	14.4%	45,242,238	13.8%	6,396,600
Environmental services	43,180,062	12.0%	48,885,860	14.9%	(5,705,798)
Health services	16,396,510	4.6%	16,290,142	5.0%	106,368
Social and family services	88,191,339	24.6%	81,428,942	24.9%	6,762,397
Social housing	27,026,789	7.5%	18,305,295	5.6%	8,721,494
Recreation and cultural services	29,181,872	8.1%	25,790,883	7.9%	3,390,989
Planning and development	6,980,068	2.0%	4,176,012	1.3%	2,804,056
Total Consolidated Expenses	358,698,146	100.0%	327,280,412	100.0%	31,417,734

Total operating expenses increased by \$31 million, mainly due to resuming operations, programs and services in many divisions that were closed during 2021 due to the pandemic closures and restrictions. There were also significant increases in many operational costs during 2022 as a result of rising inflation, especially for fuel, parts and supplies for fleet. General Government expenses in 2022 included \$3.4 in costs related

to the May 2022 windstorm. The Environmental Services expenses decreased \$5.7 million as 2021 included an adjustment in the valuation of the Landfill Post Closure Liability of \$6 million higher than the adjustment required in 2022.

Under current reporting standards, the City has an annual amortization charge of \$38 million (2021 - \$36.8 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 \$89.8 million (2021 - \$83.1 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 \$62.3 million (2021 - \$93.5 million), the difference between the City's financial assets and its financial liabilities, is a measure of the resources that the City has to finance future operations.

The net financial asset position is an indicator that the revenues raised during the year were sufficient to cover both the operating and capital spending that took place during the year. The decrease of \$31.2 million in the net financial asset position resulted primarily from revenues being in excess of operating expenses by \$20.7 million and amortization of tangible capital assets of \$38 million to finance the acquisition of tangible capital assets totaling \$89.8 million. For a more detailed accounting, refer to the Statement of Change in Net Financial Assets on Page 3 of the Consolidated Financial Statements.

The accumulated surplus of \$1,025 million (2021 - \$1,004 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

	2022 \$	2021 \$
Surplus (Deficit)		
Operating surplus	102,406	118,574
Unexpended financing	7,273,357	9,117,812
	7,375,763	9,236,386
Consolidated Entities		
Peterborough Public Health	138,598	173,844
The Village Business Improvement Area	(202)	17,194
Greater Peterborough Area Economic Development Corporation	-	145,927
Peterborough Downtown Business Improvement Area	181,960	99,313
Peterborough Utilities Commission	16,300,379	12,371,236
Fairhaven	8,056	-
	16,628,791	12,807,514
Unfunded amounts		
Unfunded employee future benefits	(38,403,419)	(33,354,018)
Unfunded landfill closure and post-closure costs	(20,726,360)	(19,902,023)
Accrued interest on long term debt	(914,511)	(502,911)
	(60,044,290)	(53,758,952)
Equity in GBE	66,174,092	66,270,092
Invested in Capital Assets		
Tangible capital assets - net book value	959,536,224	908,983,400
Short and long term debt	(149,598,411)	(136,581,176)
Unfunded capital	(32,576,745)	(22,152,441)
	777,361,068	750,249,783
Reserve Funds and Reserves		
Discretionary reserve funds	52,670,663	48,868,255
Reserves	165,137,565	170,954,198
	217,808,228	219,822,453
	1,025,303,652	1,004,627,276

Conclusion

The level of capital spending throughout 2022 remained consistent with prior years at \$89.8 million and is a direct result of the Debt Management and Capital Financing Plan. That Plan provides additional funding for capital projects; however, the demand still outweighs available funds as the City struggles to keep up with the need to maintain and replace aging capital infrastructure as well as requests for expansion.

The City of Peterborough continues to aim for balance between levels of service to residents and the affordability of property taxes for ratepayers. At the end of 2022, the City was well positioned financially for the future as operations returned to normal throughout 2022 after the impacts of the pandemic.

Submitted by,

Richard Freymond
Treasurer

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

Five Year Review

December 31, 2022

City of Peterborough

Five-Year Review

(All dollar values in thousands except per capita figures)

	2022	2021	2020	2019	2018
CURRENT PROGRAM ACTIVITY					
Consolidated Revenues					
Taxation	148,125	142,427	135,467	132,592	127,599
Taxation from other governments	3,816	3,749	3,748	3,511	3,321
Fees and service charges	73,199	66,197	63,992	76,610	74,265
Government grants and other Municipalities	121,408	128,720	125,304	110,982	109,714
Development levies	6,771	6,549	3,928	5,316	6,887
Investment and other revenue	26,056	23,141	49,254	23,713	18,749
	379,375	370,783	381,693	352,724	340,535
Expenses	358,698	327,280	311,415	321,020	304,298
Growth in accumulated surplus	20,677	43,503	70,278	31,704	36,237
NET LONG TERM LIABILITIES					
For general municipal activities	111,854	98,010	112,625	119,573	134,545
For municipal enterprises	1,195	1,369	1,643	1,917	2,190
	113,049	99,379	114,268	121,490	136,735
General municipal activities - net long term liabilities as % of CVA	1.1%	1.0%	1.2%	1.3%	1.5%
CURRENT CHARGES FOR NET LONG TERM LIABILITIES					
General municipal activities and for municipal enterprise	17,204	27,566	19,273	19,454	18,626
CURRENT VALUE ASSESSMENT (CVA) - TAXABLE					
Residential and farm	8,382,924	8,309,232	8,353,183	7,986,800	7,667,093
Commercial and industrial	1,364,251	1,380,464	1,392,953	1,382,328	1,280,505
	9,747,175	9,689,696	9,746,136	9,369,128	8,947,598
Percentage increase from previous year	0.59%	-0.58%	4.02%	4.71%	4.14%
Commercial / industrial CVA as percentage of total	14.0%	14.2%	14.3%	14.8%	14.3%

City of Peterborough

Five-Year Review

(All dollar values in thousands except per capita figures)

	2022	2021	2020	2019	2018
VALUE OF BUILDING PERMITS ISSUED					
Residential	123,470	198,736	84,470	62,537	89,661
Commercial	14,386	14,842	14,842	9,985	23,678
Industrial	40	27,428	27,428	8,783	14,744
Institutional	74,000	26,522	26,523	78,009	59,170
	211,896	267,528	153,263	159,314	187,253
Percentage increase (decrease) from previous year	-20.8%	74.6%	-3.8%	-14.9%	25.0%
TAX LEVY AND ARREARS					
Tax levy					
Current year's tax levy - municipal and education combined	172,383	167,001	167,125	165,084	159,474
Percentage increase over previous year	3.2%	-0.1%	1.2%	3.5%	2.8%
Tax arrears					
Total arrears (excluding Allowance for Doubtful Accounts)	1,139	3,226	4,531	4,221	4,354
Percentage increase (decrease) over previous year	-64.7%	-28.8%	7.3%	-3.1%	-3.7%
Tax arrears as a percentage of current tax levy	0.7%	1.9%	2.7%	2.6%	2.7%
POPULATION & SIZE					
Estimated Population (2021 Census)	83,651	82,094	82,094	82,094	82,094
Area in acres	16,639	16,639	16,639	16,639	16,639
PER CAPITA INFORMATION					
CVA - Taxable	116,522	118,032	118,719	114,127	108,992
Expenses	4,288	3,987	3,793	3,910	3,707
Net long-term debt for general municipal activities and municipal enterprise	1,351	1,211	1,392	1,480	1,666
Tax arrears	14	39	55	51	53

City of Peterborough

Five-Year Review

(All dollar values in thousands except per capita figures)

	2022	2021	2020	2019	2018
RATES OF TAXATION					
Municipal tax rates					
Residential	1.3384440%	1.2952450%	1.2486790%	1.2497420%	1.2568950%
Multi-residential	2.6062320%	2.5221140%	2.4314400%	2.4335100%	2.4474390%
New Multi-residential	1.3384440%	1.2952450%	1.2486790%	1.2497420%	1.2568950%
Commercial	2.0076660%	1.9428680%	1.8730190%	1.8996390%	1.9356810%
Commercial Vacant	2.0076660%	1.9428680%	1.3111300%	1.3297470%	1.3549770%
Industrial	2.0076660%	1.9428680%	1.9586780%	2.0460780%	2.1440110%
Industrial Vacant	2.0076660%	1.9428680%	1.2731410%	1.3299510%	1.3936070%
Pipeline	1.7006270%	1.6457380%	1.5865720%	1.5879220%	1.5970110%
Farmlands	0.3346110%	0.3238110%	0.3121700%	0.3124360%	0.3142240%
Education tax rates					
Residential	0.1530000%	0.1530000%	0.1530000%	0.1610000%	0.1700000%
Multi-residential	0.1530000%	0.1530000%	0.1530000%	0.1610000%	0.1700000%
New Multi-residential	0.1530000%	0.1530000%	0.1530000%	0.1610000%	0.1700000%
Commercial	0.8800000%	0.8800000%	1.2500000%	1.2900000%	1.3400000%
Commercial Vacant	0.8800000%	0.8800000%	1.2500000%	1.0965000%	0.9380000%
Industrial	0.8800000%	0.8800000%	1.2500000%	1.2900000%	1.3400000%
Industrial Vacant	0.8800000%	0.8800000%	1.2500000%	1.0642500%	0.8710000%
Pipeline	0.8800000%	0.8800000%	0.9800000%	1.0300000%	1.0900000%
Farmlands	0.0382500%	0.0382500%	0.0382500%	0.0402500%	0.0425000%
Combined municipal and education tax rates					
Residential	1.4914440%	1.4482450%	1.4016790%	1.4107420%	1.4268950%
Multi-residential	2.7592320%	2.6751140%	2.5844400%	2.5945100%	2.6174390%
New Multi-residential	1.4914440%	1.4482450%	1.4016790%	1.4107420%	1.4268950%
Commercial	2.8876660%	2.8228680%	3.1230190%	3.1896390%	3.2756810%
Commercial Vacant	2.8876660%	2.8228680%	2.5611300%	2.4262470%	2.2929770%
Industrial	2.8876660%	2.8228680%	3.2086780%	3.3360780%	3.4840110%
Industrial Vacant	2.8876660%	2.8228680%	2.5231410%	2.3942010%	2.2646070%
Pipeline	2.5806270%	2.5257380%	2.5665720%	2.6179220%	2.6870110%
Farmlands	0.3728610%	0.3620610%	0.3504200%	0.3526860%	0.3567240%

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

Consolidated Financial Report

December 31, 2022

CORPORATION OF THE CITY OF PETERBOROUGH
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 32
Schedule of Tangible Capital Assets	33
Schedules of Segment Disclosure	34 - 35
TRUST FUNDS	
Independent Auditor's Report	36
Statement of Financial Position	39
Statement of Continuity	40
Notes to the Financial Statements	41



City of Peterborough
500 George Street North
Peterborough, ON, K9H 3R9
peterborough.ca | 1-855-738-3755

CORPORATION OF THE CITY OF PETERBOROUGH

For The Year Ended December 31, 2022

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 28, 2023

Chief Administrative Officer

Date August 28, 2023

Treasurer

Date August 28, 2023



INDEPENDENT AUDITOR'S REPORT

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

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

www.bakertilly.ca

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, 2022, the consolidated statements of operations and accumulated surplus, change in net financial assets 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, 2022, 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 28, 2023

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	99,401,024	114,196,502
Taxes receivable (note 3)	2,491,019	1,817,267
Accounts receivable (note 4)	60,637,952	56,695,199
Inventory held for resale	15,357	5,997
Investments (note 5)	158,881,795	136,569,685
Other receivables (note 6)	2,394,640	2,464,293
Investment in Government Business Enterprise (note 10)	66,174,092	66,270,092
TOTAL FINANCIAL ASSETS	389,995,879	378,019,035
LIABILITIES		
Short term debt (note 7)	24,433,000	24,029,000
Accounts payable and accrued liabilities	56,006,216	46,420,793
Deferred revenue (note 8)	15,874,540	4,697,705
Deferred revenue - obligatory reserve funds (note 11)	43,869,594	40,445,859
Long term debt (note 12)	125,165,411	112,552,176
Solid waste landfill closure and post-closure (note 13)	20,726,360	19,902,023
Employee future benefits (note 15)	41,653,144	36,500,382
TOTAL LIABILITIES	327,728,265	284,547,938
NET FINANCIAL ASSETS	62,267,614	93,471,097
NON-FINANCIAL ASSETS		
Tangible capital assets (note 14)	959,536,224	908,983,400
Prepaid expenses	2,005,330	925,837
Inventory of supplies	1,494,484	1,246,942
TOTAL NON-FINANCIAL ASSETS	963,036,038	911,156,179
ACCUMULATED SURPLUS (note 16)	1,025,303,652	1,004,627,276

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Property taxation	147,265,322	148,125,168	142,427,432
Taxation from other governments	4,160,200	3,815,842	3,749,018
User fees and service charges	78,873,276	73,198,653	66,196,791
Government grants and other municipalities	107,117,406	121,408,396	128,720,741
Development levies and contributions from developers	6,153,767	6,770,920	6,548,593
Licenses, permits, royalties and rents	4,905,063	5,130,188	4,449,308
Fines and other charges	2,570,000	2,380,660	2,065,209
Penalties and interest on taxes	725,000	789,256	838,081
Investment income	3,831,512	5,927,133	4,425,824
Donations	163,650	376,767	1,826,285
Casino and gaming revenue	2,400,000	2,655,458	1,243,826
Income from government business enterprise (note 10)	5,208,000	5,216,000	6,114,362
Other	2,193,917	3,580,081	2,177,337
TOTAL REVENUES	365,567,113	379,374,522	370,782,807
EXPENSES			
General government	28,739,959	37,454,380	31,742,918
Protection services	58,842,259	58,371,861	55,418,122
Transportation services	46,856,321	51,706,864	45,242,238
Environmental services	47,876,702	43,274,448	48,885,860
Health services	17,844,079	16,396,510	16,290,142
Social and family services	85,794,081	88,191,339	81,428,942
Social housing	27,760,611	27,026,789	18,305,295
Recreation and cultural services	29,560,932	29,295,887	25,790,883
Planning and development	6,898,616	6,980,068	4,176,012
TOTAL EXPENSES	350,173,560	358,698,146	327,280,412
ANNUAL SURPLUS	<u>15,393,553</u>	20,676,376	43,502,395
ACCUMULATED SURPLUS - beginning of year		1,004,627,276	961,124,881
ACCUMULATED SURPLUS - end of year		1,025,303,652	1,004,627,276

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

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS	15,393,553	20,676,376	43,502,395
Amortization of tangible capital assets	37,766,068	38,043,262	36,756,237
Acquisition of tangible capital assets	(91,546,432)	(89,812,020)	(83,141,417)
Loss/(gain) on disposal of tangible capital assets	-	42,278	(5,204,976)
Proceeds on sale of tangible capital assets	1,000,000	1,173,656	6,173,540
Change in prepaid expenses	-	(1,079,493)	211,162
Change in inventory of supplies	-	(247,542)	(49,255)
DECREASE IN NET FINANCIAL ASSETS	(37,386,811)	(31,203,483)	(1,752,314)
NET FINANCIAL ASSETS - beginning of year	93,471,097	93,471,097	95,223,411
NET FINANCIAL ASSETS - end of year	56,084,286	62,267,614	93,471,097

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, 2022

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	20,676,376	43,502,395
Items not involving cash		
Amortization of tangible capital assets	38,043,262	36,756,237
Loss/(gain) on disposal of tangible capital assets	42,278	(5,204,976)
Income from government business enterprise	(5,216,000)	(6,114,362)
Change in solid waste landfill closure and post-closure	824,337	7,788,061
Change in employee future benefits	5,152,762	3,434,389
Change in non-cash assets and liabilities (note 19)	18,302,746	5,955,381
<u>Net change in cash from operating activities</u>	<u>77,825,761</u>	<u>86,117,125</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(89,812,020)	(83,141,417)
Proceeds on disposal of tangible capital assets	1,173,656	6,173,540
<u>Net change in cash from capital activities</u>	<u>(88,638,364)</u>	<u>(76,967,877)</u>
INVESTING ACTIVITIES		
Proceeds of portfolio investments	43,765,009	14,162,546
Purchase of portfolio investments	(66,077,119)	(59,480,643)
Dividends received/receivable from GBE	5,312,000	5,208,000
<u>Net change in cash from investing activities</u>	<u>(17,000,110)</u>	<u>(40,110,097)</u>
FINANCING ACTIVITIES		
Long term debt issued	28,345,911	-
Long term debt principal repayments	(15,732,676)	(15,931,852)
Short term debt issued	5,504,000	11,535,000
Short term debt principal repayments	(5,100,000)	-
<u>Net change in cash from financing activities</u>	<u>13,017,235</u>	<u>(4,396,852)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(14,795,478)	(35,357,701)
CASH AND CASH EQUIVALENTS - beginning of year	114,196,502	149,554,203
CASH AND CASH EQUIVALENTS - end of year	99,401,024	114,196,502

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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 2022 - 66.67% (2021 - 66.67%)
 - Peterborough Public Health 2022 - 57% (2021 - 57%)
 - Greater Peterborough Area Economic Development Corporation 2022 - Nil% (2021 - 60%)
 - Peterborough County-City Waste Management Facility 2022 - 50% (2021 - 50%)
-

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

The Greater Peterborough Area Economic Development Corporation was not considered to be a local board of the City for 2022 and as such has not been included in the consolidated financial statements.

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

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

(b) 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
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.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. 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 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.

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 11).

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

(d) 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.

(e) 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.

(f) 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.

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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.

(i) Financial Instruments

The City's financial instruments consist of cash and temporary investments, taxes receivable, accounts receivable, investments, other receivables, short term debt, accounts payable and accrued liabilities and long term debt. It is management's opinion that the fair value its financial instruments is not materially different from their carrying value unless otherwise noted.

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 City holds bonds, other marketable securities, loans and other receivables and has issued long term debt that may be impacted by interest rate risk. Management attempts to mitigate this risk through its investment and debt policies.

Credit Risk

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

Foreign Currency Risk

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

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Use of Estimates

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

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

2. CASH AND TEMPORARY INVESTMENTS

This figure is comprised of the following:

	2022 \$	2021 \$
Petty cash and cash floats	54,114	50,853
Temporary investments	29,664,646	39,720,038
Unrestricted cash	57,231,999	63,213,931
Restricted cash	12,450,265	11,211,680
	99,401,024	114,196,502

3. TAXES RECEIVABLE

This figure is comprised of the following:

	2022 \$	2021 \$
Current year's levies	947,210	2,023,583
Previous year's levies	925,325	911,617
Prior year's levies	1,420,954	1,317,545
Penalties and interest	1,734,089	1,598,977
	5,027,578	5,851,722
Allowance for uncollectible taxes	(2,536,559)	(4,034,455)
	2,491,019	1,817,267

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

4. ACCOUNTS RECEIVABLE

This figure is comprised of the following:

	2022 \$	2021 \$
Government of Canada	13,352,966	15,572,647
Government of Ontario	8,060,322	12,589,374
Other municipalities and school boards	696,436	771,391
User charges and other receivables	38,528,228	27,761,787
	60,637,952	56,695,199

5. INVESTMENTS

The investments have a cost of \$158,881,795 (2021 - \$136,569,685) at the end of the year. Investments consist of bonds, banker's acceptances and other principal guaranteed marketable securities as well as positions in The One Investment Program equity and bond portfolios. The investments have a market value of \$147,791,798 (2021 - \$135,004,594).

6. OTHER RECEIVABLES

This figure is comprised of the following:

	2022 \$	2021 \$
Peterborough Lawn Bowling Club	145,000	145,000
Market Hall Performing Arts Incorporated	389,940	389,940
Peterborough Rugby Union Football Club	-	37,153
Peterborough Youth Soccer Club	60,000	90,000
Kinsmen Minor Football League Inc.	10,000	12,500
Peterborough Baseball Association	90,000	90,000
Peterborough Recreational Baseball Association	25,000	25,000
Greater Peterborough Innovation Cluster	100,000	100,000
Canadian Canoe Museum	1,574,700	1,574,700
	2,394,640	2,464,293

The interest rate on the Peterborough Lawn Bowling Club and Market Hall Performing Arts Incorporated loans are prime less 0.25%. The interest rate on the Peterborough Rugby Union Football Club loan is fixed at 2.75%. The interest rate on the Canadian Canoe Museum loan is fixed at 2%. The remaining loans with a value of \$285,000 (2021 - \$317,500) approved by Council to qualifying community groups have been made on an interest free basis.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

7. SHORT TERM DEBT

In 2017, the City of Peterborough obtained a short term advance from Infrastructure Ontario at a variable interest rate, which ranged from 0.69% to 4.41% throughout 2022. From 2019 to 2022, the City of Peterborough obtained additional short term advances from Infrastructure Ontario at a variable interest rate. The balance outstanding as at December 31, 2022 is \$24,433,000 (2021 - \$18,929,000). The short term debt also includes \$Nil (2021 - \$5,100,000) that Peterborough Housing Corporation borrowed from The Township of Havelock-Belmont-Methuen at an annual interest rate of 2.24%.

8. DEFERRED REVENUE

This figure is comprised of the following:

	2022 \$	2021 \$
Rents, user fees and service charges	5,423,023	1,782,328
Tickets, events and site deposits	977,282	1,436,198
Government funding	9,474,235	1,479,179
	15,874,540	4,697,705

9. TRANSFER TO THE SCHOOL BOARDS

During 2022, the City made property tax transfers to the School Boards. The amounts collected and remitted amounted to \$25,384,963 (2021 - \$25,233,004). These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

10. 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.:

	2022	2021
	\$	\$
Investment in shares	34,258,092	34,258,092
Retained earnings		
Beginning balance	32,012,000	31,105,638
Net earnings	5,216,000	6,114,362
Less dividends	(5,312,000)	(5,208,000)
	31,916,000	32,012,000
	66,174,092	66,270,092

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

10. 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:

	2022 \$	2021 \$
Assets		
Current assets	38,083,000	39,300,000
Capital and intangible assets	156,860,000	163,838,000
Deferred tax assets	4,221,000	4,134,000
Total Assets	199,164,000	207,272,000
Liabilities		
Current liabilities	13,552,000	12,976,000
Other long term liabilities	101,997,000	109,217,000
Deferred tax liabilities	19,241,000	18,809,000
Total Liabilities	134,790,000	141,002,000
Shareholder's Equity		
Share capital	34,258,000	34,258,000
Accumulated other comprehensive loss	(2,309,000)	(2,309,000)
Retained earnings	32,425,000	34,321,000
Total Shareholder's Equity	64,374,000	66,270,000
Total Liabilities and Shareholder's Equity	199,164,000	207,272,000

Results of Operations:

	2022 \$	2021 \$
Revenues	44,930,000	46,939,000
Expenses	37,272,000	39,456,000
Total net Income before provision for corporate income taxes	7,658,000	7,483,000
Provision for corporate income taxes	1,887,000	1,924,000
Income of government business enterprise	5,771,000	5,559,000

During the year the City received dividends of \$5,312,000 (2021 - \$7,699,367).

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

11. 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:

	2022	2021
	\$	\$
Development charges	28,082,068	26,602,274
Parkland fees and subdivider contributions	1,041,029	928,024
Building code	623,501	669,606
Canada Community-Building Fund	13,293,261	11,478,124
Provincial gasoline tax	829,735	767,831
	43,869,594	40,445,859

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

	2022	2021
	\$	\$
Balance - beginning of year	40,445,859	23,996,438
Add amounts received:		
Development charges	6,825,247	12,455,240
Parkland fees and subdivider contributions	85,886	3,801,528
Building code permits	2,194,087	2,227,529
Canada Community-Building Fund	5,139,885	10,081,002
Provincial gasoline tax	1,848,974	1,915,137
Other obligatory funds	2,270,473	5,975,162
Investment income	1,015,213	136,142
	19,379,765	36,591,740
Less transfer to operations:		
Development charges earned	5,968,570	5,319,889
Parkland fees and subdivider contributions earned	-	194,700
Building code permits earned	2,240,192	2,003,864
Canada Community-Building Fund earned	3,686,795	3,724,852
Provincial gasoline tax earned	1,790,000	1,680,000
Other obligatory funds earned	2,270,473	7,219,014
	15,956,030	20,142,319
Balance - end of year	43,869,594	40,445,859

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

12. LONG TERM DEBT

The long term debt reported on the Consolidated Statement of Financial Position has been approved by the Ontario Municipal Board or the Council of the City of Peterborough. Interest rates on outstanding debt range from 1.23% to 5.46% (2021 - 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 \$
2023 to 2027	67,961,708	14,494,649	82,456,357
2028 to 2032	41,891,863	9,914,341	51,806,204
2033 and subsequent years	15,311,840	11,275,452	26,587,292
	125,165,411	35,684,442	160,849,853

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 \$3,777,641 (2021 - \$3,580,784).

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

13. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE

The solid waste landfill closure and post closure liability of \$20,726,360 (2021 - \$19,902,023) is for closure and post closure costs of the Peterborough County-City Waste Management Facility, the Harper Road closed landfill site and the Nelson closed landfill site. During 2010, the Peterborough County-City Waste Management Facility currently referred to as the North Fill Area received waste for the first time. The site referred to as the South Fill Area (SFA) reached full capacity in 2012 at which time the North Fill Area (NFA) began to receive the balance of waste and will continue for at least 15 years.

The net present value of estimated closure and post closure costs for the Peterborough County-City Waste Management Facility as at December 31, 2022 is \$6,668,310 (2021 - \$6,513,570). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2021 - 2.00%), discounted at a rate of 5% (2021 - 5%). As the ownership of the facility is shared equally between the County and City of Peterborough, the liability recorded in these financial statements represents 50% of the estimated actual liability pro-rated on the basis of capacity used at the site. Estimated utilization of existing site capacity of the SFA at December 31, 2022 is 100% (2021 - 100%) and at the NFA is 78% (2021 - 72%).

The net present value of estimated closure and post closure costs for the Harper Road closed landfill site as at December 31, 2022 is \$7,656,520 (2021 - \$7,450,500). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2021 - 2.00%), discounted at a rate of 5% (2021 - 5%). Utilization of existing site capacity at December 31, 2022 is 100% (2021 - 100%).

The net present value of estimated closure and post closure costs for the Nelson closed landfill site as at December 31, 2022 is \$7,118,960 (2021 - \$6,629,990). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2021 - 2.00%), discounted at a rate of 5% (2021 - 5%). Utilization of existing site capacity at December 31, 2022 is 100% (2021 - 100%).

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a period of 174 years for the Peterborough County-City Waste Management Facility. The monitoring and inspection period for the Harper Road closed landfill site and the Nelson closed landfill site extends over a period of 25 years. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity. The estimated change in liability would be recognized prospectively, when determined

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. TANGIBLE CAPITAL ASSETS

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

	2022	2021
	\$	\$
General		
Land and land improvements	124,272,079	123,219,996
Buildings and leaseholds	165,073,458	163,961,476
Machinery and equipment	22,655,029	19,440,609
Vehicles	25,716,967	25,787,825
Books and materials	1,005,898	1,142,132
Infrastructure		
Land and land improvements	26,330,794	26,355,642
Buildings	25,920,775	26,166,183
Machinery and equipment	260,909	116,398
Roadways and sidewalks	178,234,807	174,269,463
Storm sewer system	69,431,307	65,534,424
Wastewater system	77,677,601	77,451,943
Water system	86,456,917	87,454,524
	803,036,541	790,900,615
Assets under construction	156,499,683	118,082,785
	959,536,224	908,983,400

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

During 2022, there was \$42,278 representing loss on sale of assets (2021 gain - \$5,204,976). Interest of \$386,391 was capitalized in 2022 (2021 - \$47,033). Assets contributed to the City in 2022 were capitalized at their fair value on the date of acquisition and amounted to \$Nil (2021 - \$Nil).

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. TANGIBLE CAPITAL ASSETS, continued

Tangible capital assets allocated by segment are as follows:

	2022	2021
	\$	\$
General government	57,464,010	55,052,763
Protection services	17,865,153	15,040,395
Transportation services	345,802,988	324,035,592
Environmental services	306,564,814	300,892,962
Health services	4,802,420	4,932,950
Social and Family services	7,044,436	7,358,098
Social housing	80,748,792	71,241,880
Recreation and cultural services	94,601,091	89,970,622
Planning and development	44,642,520	40,458,138
	959,536,224	908,983,400

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:

	2022	2021
	\$	\$
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	52,401,558	34,167,919
Actuarial loss (gain) due to updated valuation	-	14,343,300
Current period benefit expense	5,338,981	5,099,251
Plan Amendment (WSIB income top-up benefit, 2020 - healthcare spending account)	943,138	1,102,200
Interest	1,348,531	1,290,359
Benefit payments	(3,913,929)	(3,601,468)
Accrued benefit obligation, end of year	56,118,279	52,401,561
Unamortized actuarial gain (loss)	(14,465,135)	(15,901,179)
Employee future benefits, end of year	41,653,144	36,500,382

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

15. EMPLOYEE FUTURE BENEFITS, continued

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.

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 \$3,972,621 (2021 - \$3,858,093) of which \$3,249,725 (2021 - \$3,146,313) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

16. ACCUMULATED SURPLUS

This figure is comprised of the following:

	2022	2021
	\$	\$
Surplus/(Deficit)		
Operating surplus	102,406	118,574
Unexpended financing	7,273,357	9,117,812
	7,375,763	9,236,386
Consolidated Entities		
Peterborough Public Health	138,598	173,844
The Village Business Improvement Area	(202)	17,194
Greater Peterborough Area Economic Development Corporation	-	145,927
Peterborough Downtown Business Improvement Area	181,960	99,313
Peterborough Utilities Commission	16,300,379	12,371,236
	16,620,735	12,807,514
Unfunded amounts		
Unfunded employee future benefits	(38,403,419)	(33,354,018)
Unfunded landfill closure and post-closure costs	(20,726,360)	(19,902,023)
Accrued interest on long term debt	(914,511)	(502,911)
	(60,044,290)	(53,758,952)
Equity in GBE	66,174,092	66,270,092
Invested In Capital Assets		
Tangible capital assets - net book value	959,536,224	908,983,400
Short and long term debt	(149,598,411)	(136,581,176)
Unfunded capital	(32,576,745)	(22,152,441)
	777,361,068	750,249,783
Reserve Funds and Reserves		
Discretionary reserve funds	52,670,663	48,868,255
Reserves	165,145,621	170,954,198
	217,816,284	219,822,453
	1,025,303,652	1,004,627,276

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

17. EXPENSES BY OBJECT

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

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	138,972,838	146,240,489	134,993,048
Interest charges	2,910,136	3,777,641	3,580,784
Materials	43,220,688	41,318,859	45,469,525
Contracted services	63,509,945	62,644,391	53,506,017
Rents and financial	2,401,555	2,232,132	1,993,894
External transfers	61,392,330	64,399,094	56,185,883
Amortization	37,766,068	38,043,262	36,756,237
Loss (gain) on disposal of TCA	-	42,278	(5,204,976)
	350,173,560	358,698,146	327,280,412

18. PARTNERSHIPS WITH THE COUNTY OF PETERBOROUGH

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

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

18. PARTNERSHIPS WITH THE COUNTY OF PETERBOROUGH, continued

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:

	2022		2021	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Financial assets	8,934,563	5,956,405	6,224,459	4,149,660
Liabilities	6,499,507	4,333,026	4,506,572	3,004,396
Net financial assets	2,435,056	1,623,379	1,717,887	1,145,264
Non-financial assets	9,535,084	6,356,754	9,949,568	6,633,078
Accumulated surplus	11,970,140	7,980,133	11,667,455	7,778,342

Results of Operations:

	2022		2021	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Revenues	31,232,724	20,821,920	26,864,415	17,909,700
Expenses	30,930,039	20,620,129	24,821,809	16,547,955
Annual surplus	302,685	201,791	2,042,606	1,361,745

Fairhaven incurred long-term debt as a result of a mandated rebuild by the Ministry of Health and Long-Term Care. Fairhaven financed the annual debenture payments through a Ministry of Health and Long-Term Care annual contribution of \$955,752 for twenty years and contributions from the City and County for eighteen years in the amounts of \$709,939 and \$342,745 respectively. 2021 was the final year of contributions from the City for this debt.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

18. 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:

	2022		2021	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Financial assets	5,309,632	3,026,490	5,030,581	2,867,431
Liabilities	5,970,197	3,403,012	5,958,411	3,396,294
Net debt	(660,565)	(376,522)	(927,830)	(528,863)
Non-financial assets	8,427,500	4,803,675	8,656,500	4,934,205
Accumulated surplus	7,766,935	4,803,675	7,728,670	4,405,342

Results of Operations:

	2022		2021	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Revenues	17,493,888	9,971,516	18,665,615	10,639,401
Expenses	17,455,623	9,949,705	18,390,709	10,482,704
Annual surplus	38,265	21,811	274,906	156,697

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

18. 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 \$(63,600) (2021 - \$(532,016)).

Results of Operations:

	2022		2021	
	Total	City	Total	City
	\$	Portion	\$	Portion
		\$		\$
Revenues	3,720,913	1,860,457	4,819,414	2,409,707
Expenses	4,142,835	2,071,418	4,049,221	2,024,611
Net revenue/(expense)	(421,922)	(210,961)	770,193	385,096

19. CHANGE IN NON-CASH ASSETS AND LIABILITIES

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

	2022	2021
	\$	\$
Taxes receivable	(673,752)	419,747
Accounts receivable	(3,942,753)	(1,262,731)
Inventory held for resale	(9,360)	2,538
Other receivables	69,653	(1,491,012)
Prepaid expenses	(1,079,493)	211,162
Inventory of supplies	(247,542)	(49,255)
Accounts payable and accrued liabilities	9,585,423	(9,908,521)
Deferred revenue	11,176,835	1,584,032
Deferred revenue - obligatory reserve funds	3,423,735	16,449,421
	18,302,746	5,955,381

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

20. 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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022, the current service cost amounted to \$9,807,512 (2021 - \$10,384,070).

21. 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	Safe Restart	Other	Total
Peterborough Child Care	180,729	128,945	63,109	11,067	383,850
Pearson Child Care	209,404	138,788	50,534	-	398,726
School Age Programs	71,127	63,330	54,526	-	188,983
	461,260	331,063	168,169	11,067	971,559

22. TRUST FUNDS

Trust funds administered by the City amounting to \$352,226 (2021 - \$328,152) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

23. BUDGET FIGURES

The budget, approved by the City, for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated 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.

24. LEASE COMMITMENTS

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

	Total \$
2023	2,837,539
2024	2,837,539
2025	2,837,539
2026	2,837,539
2027	472,922
	11,823,078
Total minimum lease payments	11,823,078
Less: payments assumed by sub-lessee	(11,823,078)
	-

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.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

25. CONTINGENT ASSETS

The Corporation of the City of Peterborough has initiated a lawsuit against a general contractor. 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 this litigation will have a material effect on its financial position.

26. 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.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **For the Year Ended December 31, 2022**

27. 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.

28. 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.

29. 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, 2022 is \$1,524,325 (2021 - \$1,885,057).

30. PROVINCIAL OFFENCES OFFICES

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

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

30. PROVINCIAL OFFENCES OFFICES, continued

The Provincial Offences Office net revenues are jointly shared by the County of Peterborough and the City of Peterborough based on weighted assessments. During 2022, the proportion based on weighted assessment for the City was 44.5% (2021 - 44.9%).

	2022		2021	
	Total \$	City Portion \$	Total \$	City Portion \$
Revenues	1,732,241	770,847	1,371,495	615,801
Expenses	1,295,276	576,398	1,122,417	503,965
Net revenues	436,965	194,449	249,078	111,836

Included in the Consolidated Statement of Financial Position is an amount due from/(to) the County of Peterborough of \$(8,047) (2021 - \$242,047).

31. 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.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

31. SEGMENTED INFORMATION, continued

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.

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.

CORPORATION OF THE CITY OF PETERBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

31. SEGMENTED INFORMATION, continued

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.

32. COMPARATIVE FIGURES

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

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2022

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Other Adjustments	Closing Balance	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General										
Land and land improvements	169,200,243	4,662,420	130,059	173,732,604	45,980,247	3,497,386	17,108	49,460,525	124,272,079	123,219,996
Buildings and leaseholds	314,465,093	9,954,161	1,971,321	322,447,933	150,503,617	7,995,204	1,124,346	157,374,475	165,073,458	163,961,476
Machinery and equipment	50,358,667	7,204,660	96,004	57,467,323	30,918,058	3,939,861	45,625	34,812,294	22,655,029	19,440,609
Vehicles	56,567,429	3,330,968	468,524	59,429,873	30,779,604	3,345,966	412,664	33,712,906	25,716,967	25,787,825
Books and materials	2,763,736	265,984	-	3,029,720	1,621,604	402,218	-	2,023,822	1,005,898	1,142,132
	593,355,168	25,418,193	2,665,908	616,107,453	259,803,130	19,180,635	1,599,743	277,384,022	338,723,431	333,552,038
Infrastructure										
Land and land improvements	26,616,545	-	-	26,616,545	260,903	24,848	-	285,751	26,330,794	26,355,642
Buildings	59,104,130	1,041,087	-	60,145,217	32,937,947	1,286,495	-	34,224,442	25,920,775	26,166,183
Machinery and vehicles	2,060,091	166,681	429,864	1,796,908	1,943,693	22,170	429,864	1,535,999	260,909	116,398
Roadways and sidewalks	309,186,548	12,403,482	1,751,253	319,838,777	134,917,085	8,382,755	1,695,870	141,603,970	178,234,807	174,269,463
Storm sewer system	93,560,948	5,384,359	111,149	98,834,158	28,026,524	1,431,028	54,701	29,402,851	69,431,307	65,534,424
Wastewater system	125,698,040	3,256,314	85,979	128,868,375	48,246,097	2,992,718	48,041	51,190,774	77,677,601	77,451,943
Water system	188,995,196	3,725,006	-	192,720,202	101,540,672	4,722,613	-	106,263,285	86,456,917	87,454,524
	805,221,498	25,976,929	2,378,245	828,820,182	347,872,921	18,862,627	2,228,476	364,507,072	464,313,110	457,348,577
Assets under construction	118,082,785	38,416,898	-	156,499,683	-	-	-	-	156,499,683	118,082,785
Total	1,516,659,451	89,812,020	5,044,153	1,601,427,318	607,676,051	38,043,262	3,828,219	641,891,094	959,536,224	908,983,400

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 \$
Revenues											
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
Development levies and contr butions from developers	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	121	-	50	-	-	-	-	359,096	17,500	-	376,767
Casino and gaming revenue	2,655,458	-	-	-	-	-	-	-	-	-	2,655,458
Income from government business enterprise	-	-	-	-	-	-	-	-	-	5,216,000	5,216,000
Other	1,536,154	39,344	(57)	1,269,976	46,627	-	350,483	190,491	147,063	-	3,580,081
Total revenues	27,973,589	63,694,360	51,776,623	57,308,353	16,358,392	90,920,475	29,805,538	28,908,912	7,412,280	5,216,000	379,374,522
Expenses											
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	4,479,496	380,626	-	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
Loss (gain) on disposal of TCA	729,559	55,861	14,129	94,386	-	-	(1,015,581)	113,544	50,380	-	42,278
Internal transfers	8,832,930	(641,599)	(6,257,051)	1,378,973	-	898,631	(428,489)	(1,929,120)	(1,854,275)	-	-
Total expenses	37,454,380	58,371,861	51,706,864	43,274,448	16,396,510	88,191,339	27,026,789	29,295,887	6,980,068	-	358,698,146
Net surplus/(deficit)	(9,480,791)	5,322,499	69,759	14,033,905	(38,118)	2,729,136	2,778,749	(386,975)	432,212	5,216,000	20,676,376

CORPORATION OF THE CITY OF PETERBOROUGH

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2021

	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 \$
Revenues											
Property taxation	17,322,132	47,145,005	28,432,598	7,205,162	6,493,952	9,065,375	4,918,333	16,296,762	5,548,113	-	142,427,432
Taxation from other governments	455,959	1,240,965	748,411	189,656	170,936	238,622	129,462	428,968	146,039	-	3,749,018
User fees and service charges	1,099,810	1,250,889	4,692,693	42,861,968	333,041	5,261,635	7,636,784	2,588,589	471,382	-	66,196,791
Government grants and other municipalities	2,025,162	5,511,745	26,659,646	618,647	9,490,471	70,094,695	10,361,741	1,764,111	2,194,523	-	128,720,741
Development levies and contributions from developers	1,612,442	96,975	2,450,648	1,345,335	-	-	144,672	863,103	35,418	-	6,548,593
Licenses, permits, royalties and rents	1,069,758	2,037,174	672,675	186,607	-	-	-	483,094	-	-	4,449,308
Fines and other charges	-	1,357,788	702,933	-	-	-	-	4,488	-	-	2,065,209
Penalties and interest on taxes	838,081	-	-	-	-	-	-	-	-	-	838,081
Investment income	453,472	1,234,977	800,472	353,849	183,036	293,217	370,798	590,760	145,243	-	4,425,824
Donations	-	-	1,320,064	-	-	1,234	-	504,983	4	-	1,826,285
Casino and gaming revenue	1,243,826	-	-	-	-	-	-	-	-	-	1,243,826
Income from government business enterprise	-	-	-	-	-	-	-	-	-	6,114,362	6,114,362
Other	776,908	(388,749)	206,015	972,550	41,283	-	340,636	78,743	149,951	-	2,177,337
Total revenues	26,897,550	59,486,769	66,686,155	53,733,774	16,712,719	84,954,778	23,902,426	23,603,601	8,690,673	6,114,362	370,782,807
Expenses											
Salaries and benefits	12,041,159	47,481,533	21,152,445	5,597,045	8,256,645	23,888,061	2,924,911	9,501,132	4,150,117	-	134,993,048
Interest charges	60,482	45,752	1,500,082	736,143	56,433	26,869	432,707	697,550	24,766	-	3,580,784
Materials	2,763,283	4,547,911	8,662,072	12,312,576	1,127,238	3,747,914	7,844,667	3,762,982	700,882	-	45,469,525
Contracted services	7,635,393	1,531,232	5,477,390	17,327,024	6,044,714	3,101,229	7,555,608	3,715,986	1,117,441	-	53,506,017
Rents and financial	20,023	102,100	62,885	667,039	19,485	773,714	130,763	208,458	9,427	-	1,993,894
External transfers	906,519	1,493,148	-	-	655,097	47,767,711	1,711,828	2,594,947	1,056,633	-	56,185,883
Amortization	2,667,386	1,522,908	13,720,815	11,497,696	130,530	750,106	1,590,616	4,817,030	59,150	-	36,756,237
Loss (gain) on disposal of TCA	-	(85,757)	(113,774)	9,760	-	-	(3,362,190)	-	(1,653,015)	-	(5,204,976)
Internal transfers	5,648,673	(1,220,705)	(5,219,677)	738,577	-	1,373,338	(523,615)	492,798	(1,289,389)	-	-
Total expenses	31,742,918	55,418,122	45,242,238	48,885,860	16,290,142	81,428,942	18,305,295	25,790,883	4,176,012	-	327,280,412
Net surplus/(deficit)	(4,845,368)	4,068,647	21,443,917	4,847,914	422,577	3,525,836	5,597,131	(2,187,282)	4,514,661	6,114,362	43,502,395

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, 2022, 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, 2022, 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 28, 2023

CORPORATION OF THE CITY OF PETERBOROUGH

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2022

	City Parks \$	Special Holdings \$	Safety Patrol \$	Cenotaph \$	Library \$	Morrow Park \$	Parks Hancock \$	Parks Tollington Endowment \$	Residents' Personal \$	2022 Total \$	2021 Total \$
FINANCIAL ASSETS											
Cash	134,718	20,794	36,424	2,208	20,930	7,378	36,952	11,732	98,108	369,244	334,887
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable	-	-	-	-	541	-	-	-	-	541	553
Due to revenue fund/Fairhaven	-	-	-	-	-	-	-	-	16,477	16,477	6,182
	-	-	-	-	541	-	-	-	16,477	17,018	6,735
FUND BALANCES	134,718	20,794	36,424	2,208	20,389	7,378	36,952	11,732	81,631	352,226	328,152
	134,718	20,794	36,424	2,208	20,930	7,378	36,952	11,732	98,108	369,244	334,887

The accompanying note is an integral part of these financial statements

CORPORATION OF THE CITY OF PETERBOROUGH

TRUST FUNDS

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2022

	City Parks	Special Holdings	Safety Patrol	Cenotaph	Library	Morrow Park	Parks Hancock	Parks Tollington Endowment	Residents' Personal	2022 Total	2021 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCES - beginning of year	131,337	20,272	35,444	2,369	20,397	7,193	36,024	11,433	63,683	328,152	329,411
RECEIPTS											
Deposits and grants	-	-	66	-	-	-	-	-	105,146	105,212	60,989
Transfer from Fairhaven	-	-	-	-	-	-	-	-	28,686	28,686	25,571
Interest Income	3,381	522	914	63	533	185	928	299	-	6,825	1,829
	3,381	522	980	63	533	185	928	299	133,832	140,723	88,389
EXPENSES											
Transfer to operations	-	-	-	224	541	-	-	-	-	765	317
Withdrawals, purchases	-	-	-	-	-	-	-	-	100,799	100,799	78,283
Resident maintenance	-	-	-	-	-	-	-	-	14,068	14,068	9,683
Donations	-	-	-	-	-	-	-	-	1,017	1,017	1,365
	-	-	-	224	541	-	-	-	115,884	116,649	89,648
BALANCES - end of year	134,718	20,794	36,424	2,208	20,389	7,378	36,952	11,732	81,631	352,226	328,152

The accompanying note is 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, 2022

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, due from Fairhaven, 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, 2022

PETERBOROUGH PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2022

PETERBOROUGH PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2022

TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 11
Schedule of Tangible Capital Assets	12
TRUST FUNDS	
Independent Auditor's Report	13
Statement of Financial Position	15
Statement of Continuity	15
Notes to the Financial Statements	16

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, 2022, 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 Board as at December 31, 2022, 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.

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.

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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 7, 2023

PETERBOROUGH PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	1,921,760	1,810,812
Receivable from City of Peterborough (note 2)	96,233	95,533
Accounts receivable	40,317	13,044
Investments (note 3)	822,275	862,386
TOTAL FINANCIAL ASSETS	2,880,585	2,781,775
LIABILITIES		
Accounts payable and accrued liabilities	243,052	244,560
Deferred revenue	-	6,792
Employee future benefits (note 4)	162,300	158,300
TOTAL LIABILITIES	405,352	409,652
NET FINANCIAL ASSETS	2,475,233	2,372,123
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5)	1,186,270	1,592,240
Prepaid expenses	70,602	15,872
TOTAL NON-FINANCIAL ASSETS	1,256,872	1,608,112
ACCUMULATED SURPLUS (note 8)	3,732,105	3,980,235

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Grants			
City of Peterborough	3,283,120	3,283,120	3,161,407
Province of Ontario (note 2)	132,806	144,323	150,064
User charges (note 9)	76,550	40,235	23,326
Interest and investment income	3,000	55,791	40,841
Donations	31,500	43,382	4,400
TOTAL REVENUES	3,526,976	3,566,851	3,380,038
EXPENSES			
Salaries and wages	2,459,464	2,337,079	2,189,979
Processing materials and supplies	147,500	420,581	401,811
Support services	182,861	207,616	150,908
Property	206,051	208,302	197,491
Amortization	708,768	641,403	666,936
TOTAL EXPENSES	3,704,644	3,814,981	3,607,125
ANNUAL DEFICIT	<u>(177,668)</u>	(248,130)	(227,087)
ACCUMULATED SURPLUS - beginning of year		3,980,235	4,207,322
ACCUMULATED SURPLUS - end of year		3,732,105	3,980,235

The accompanying notes are an integral part of these financial statements

PETERBOROUGH PUBLIC LIBRARY BOARD

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL DEFICIT	(177,668)	(248,130)	(227,087)
Amortization of tangible capital assets	708,768	641,403	666,936
Purchase of tangible capital assets	(530,976)	(235,433)	(177,162)
Change in prepaid expenses	-	(54,730)	18,985
INCREASE IN NET FINANCIAL ASSETS	124	103,110	281,672
NET FINANCIAL ASSETS			
- beginning of year	2,372,123	2,372,123	2,090,451
NET FINANCIAL ASSETS - end of year	2,372,247	2,475,233	2,372,123

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, 2022

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(248,130)	(227,087)
Items not involving cash		
Amortization of tangible capital assets	641,403	666,936
Change in employee future benefits	4,000	(4,800)
Change in non-cash working capital items		
Accounts receivable	(700)	401,401
Other accounts receivable	(27,273)	-
Prepaid expenses	(54,730)	18,985
Accounts payable and accrued liabilities	(1,508)	(31,894)
Deferred revenue	(6,792)	6,792
Net change in cash from operating activities	306,270	830,333
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(235,433)	(177,162)
INVESTING ACTIVITIES		
Purchase of investments	(374,361)	(19,653)
Disposal of Investment	414,472	-
Net change in cash from investing activities	40,111	(19,653)
NET CHANGE IN CASH	110,948	633,518
CASH - beginning of year	1,810,812	1,177,294
CASH - end of year	1,921,760	1,810,812

The accompanying notes are an integral part of these financial statements

PETERBOROUGH PUBLIC LIBRARY BOARD

TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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 reporting entity.

(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

User charges are recognized as revenue in the year the goods and services are provided.

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

TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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

TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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 cost and are comprised of the following:

	Market Value 2022 \$	2022 \$	2021 \$
Fixed income certificates with chartered banks and other financial institutions, due 2023-2027, with interest rates ranging from 2.330% to 5.130%	528,611	506,331	356,981
Mutual funds	190,564	198,163	272,042
Common Shares	117,028	116,848	232,588
Cash	933	933	775
	837,136	822,275	862,386

Investments consists of:

	2022 \$	2021 \$
Unrestricted	152,289	249,406
Restricted - Endowment fund	669,986	612,980
	822,275	862,386

During 2020, the 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

TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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 2022:

	2022 \$	2021 \$
Accrued benefit obligation, beginning of year	179,300	137,300
Actuarial (gain)/loss	-	37,400
Current cost	15,300	12,400
Interest cost	4,900	5,800
Benefit payments	(14,400)	(13,600)
Accrued benefit obligation, end of year	185,100	179,300
Unamortized actuarial gain	(22,800)	(21,000)
Accrued benefit liability, end of year	162,300	158,300

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.

PETERBOROUGH PUBLIC LIBRARY BOARD

TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

4. EMPLOYEE FUTURE BENEFITS, continued

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.

5. TANGIBLE CAPITAL ASSETS

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

	2022	2021
	\$	\$
General		
Books and other materials	1,026,643	1,177,624
Furniture, fixtures and equipment	159,627	361,076
	1,186,270	1,538,700
Assets under construction	-	53,540
	1,186,270	1,592,240

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

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 were \$135,447 (2021 - \$144,656).

7. TRUST FUNDS

Trust funds administered by the Board amounting to \$20,389 (2021 - \$20,351) 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

TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

8. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Surplus/(Deficit)		
Unfunded employee future benefits	(162,300)	(158,300)
Invested In Capital Assets		
Tangible capital assets - net book value	1,186,270	1,592,240
Unexpended/(unfunded) capital	61,054	45,636
	1,247,324	1,637,876
Surplus	1,085,024	1,479,576
Reserves		
Library system	406,675	400,655
Friends of library	7,110	7,110
Innovation	33,565	32,647
Building maintenance	129,775	126,223
Materials acquisition	323,207	256,021
Peterborough collection	35,445	42,357
Healthy families	4,794	4,794
ESL program	2,885	2,885
Contingency	689,137	592,061
Library friends	55,449	58,064
Other donations	116,712	116,531
Total Reserves	1,804,754	1,639,348
Reserve Funds		
Library Foundation Fund	205,428	248,331
Library Foundation Endowment Fund	636,899	612,980
Total Reserve Funds	842,327	861,311
	3,732,105	3,980,235

PETERBOROUGH PUBLIC LIBRARY BOARD

TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

9. USER CHARGES

User charges are comprised of:

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Fines	8,800	10,506	8,043
Other	1,550	4,173	393
Memberships	15,000	15,228	11,159
Photocopier charges	6,000	6,016	3,145
Equipment and facility rentals	45,000	4,038	212
Microfilm fees	-	274	374
Program revenue	200	-	-
	76,550	40,235	23,326

10. BUDGET FIGURES

The budget, approved by the Board, for 2022 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

SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2022

	General		Assets Under	Totals
	Books and other materials \$	Furniture, fixtures and equipment \$	Construction \$	\$
COST				
Balance, beginning of year	3,240,348	1,524,383	53,540	4,818,271
Add: additions during the year	210,270	25,163	-	235,433
Less: disposals during the year	374,307	-	-	374,307
Internal transfers	53,540	-	(53,540)	-
Balance, end of year	3,129,851	1,549,546	-	4,679,397
ACCUMULATED AMORTIZATION				
Balance, beginning of year	2,062,724	1,163,307	-	3,226,031
Add: additions during the year	414,791	226,612	-	641,403
Less: disposals during the year	374,307	-	-	374,307
Balance, end of year	2,103,208	1,389,919	-	3,493,127
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,026,643	159,627	-	1,186,270

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, 2022, 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, 2022, 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.

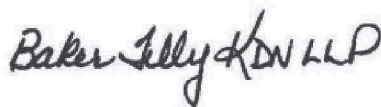
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 7, 2023

PETERBOROUGH PUBLIC LIBRARY BOARD

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2022

	Nichols Endowment \$	Morrow Trust \$	2022 Total \$	2021 Total \$
FINANCIAL ASSETS				
Cash	15,698	5,232	20,930	20,444
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Peterborough Public Library	406	135	541	93
FUND BALANCES	15,292	5,097	20,389	20,351
	15,698	5,232	20,930	20,444

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2022

	Nichols Endowment \$	Morrow Trust \$	2022 Total \$	2021 Total \$
BALANCES - beginning of year	15,263	5,087	20,350	20,348
RECEIPTS				
Interest earned	435	145	580	168
EXPENSES				
Transfer to current operations	406	135	541	165
BALANCES - end of year	15,292	5,097	20,389	20,351

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, 2022

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, 2022

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 9

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

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

www.bakertilly.ca

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, 2022, 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, 2022, 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.

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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 22, 2023

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	260,574	207,413
Short-term investments (note 3)	5,709	5,709
Accounts receivable (note 6)	89,076	37,412
TOTAL FINANCIAL ASSETS	355,359	250,534
LIABILITIES		
Accounts payable and accrued liabilities	26,701	6,253
Gift cards payable	6,084	20,284
Deferred revenue	5,100	-
TOTAL LIABILITIES	37,885	26,537
NET FINANCIAL ASSETS	317,474	223,997
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	46,895	70,932
ACCUMULATED SURPLUS (note 8)	364,369	294,929

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Requisition from City of Peterborough (note 6)	334,492	334,492	327,933
Other grants from City of Peterborough (note 6)	282,950	306,325	246,400
City of Peterborough - beautification	27,500	24,500	27,500
Special events	25,000	25,000	24,961
Regional Tourism Organization 8	-	96,100	-
Other	8,925	25,874	29,200
TOTAL REVENUES	678,867	812,291	655,994
EXPENSES			
Administration	243,920	255,649	306,836
Promotion	88,000	86,017	53,768
Communications	30,000	22,662	30,389
Streetscape	143,500	199,989	168,094
Special events	99,500	102,127	35,945
Security	27,000	2,370	55,340
Amortization	-	24,037	25,773
Urban Park Project	50,000	50,000	-
TOTAL EXPENSES	681,920	742,851	676,145
ANNUAL SURPLUS/(DEFICIT)	<u>(3,053)</u>	69,440	(20,151)
ACCUMULATED SURPLUS - beginning of year		294,929	315,080
ACCUMULATED SURPLUS - end of year		364,369	294,929

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	(3,053)	69,440	(20,151)
Amortization of tangible capital assets	-	24,037	25,773
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(3,053)	93,477	5,622
NET FINANCIAL ASSETS - beginning of year	223,997	223,997	218,375
NET FINANCIAL ASSETS - end of year	220,944	317,474	223,997

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	69,440	(20,151)
Items not involving cash		
Amortization of tangible capital assets	24,037	25,773
Change in non-cash assets and liabilities		
Accounts receivable	(51,664)	24,811
Accounts payable and accrued liabilities	20,448	(33,227)
Gift cards payable	(14,200)	(13,369)
Deferred revenue	5,100	-
NET CHANGE IN CASH	53,161	(16,163)
CASH - beginning of year	207,413	223,576
CASH - end of year	260,574	207,413

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, 2022

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, 2022

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, 2022

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:

2023	\$184,250
2024	186,743
2025	46,685

3. SHORT-TERM INVESTMENTS

Short-term investments consist of treasury bills and are recorded at a cost of \$5,709 (2021 - \$5,709).

4. BUDGET FIGURES

The budget, approved by the Board of Management, for 2022 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.

5. 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.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

6. 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 outstanding balance of \$24,500 between the City and the Improvement Area at December 31, 2022 (2021 - \$3,438) which is included in accounts receivable on the statement of financial position.

7. TANGIBLE CAPITAL ASSETS

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

	Pole Banners	Decorations	Equipment	2022 Totals	2021 Totals
	\$	\$	\$	\$	\$
COST					
Balance, beginning of year	13,314	71,806	63,258	148,378	148,378
Balance, end of year	13,314	71,806	63,258	148,378	148,378
ACCUMULATED AMORTIZATION					
Balance, beginning of year	12,763	21,542	43,141	77,446	51,673
Add: additions during the year	367	14,361	9,309	24,037	25,773
Balance, end of year	13,130	35,903	52,450	101,483	77,446
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS					
	184	35,903	10,808	46,895	70,932

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

8. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Surplus		
Operating fund	181,960	99,313
Invested In Capital Assets		
Net book value of tangible capital assets	46,895	70,932
Surplus	228,855	170,245
Reserve		
Casino settlement	135,514	74,684
Urban park	-	50,000
Total Reserves	135,514	124,684
	364,369	294,929

THE VILLAGE BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

THE VILLAGE BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 7

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 Organization), which comprise the statement of financial position as at December 31, 2022, 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 Organization as at December 31, 2022, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

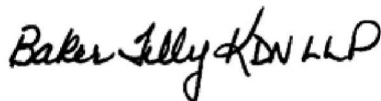
ASSURANCE • TAX • ADVISORY

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.

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 Organization'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 Organization'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 Organization 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
December 13, 2023

THE VILLAGE BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	5,163	14,283
Accounts Receivable	4,500	-
TOTAL FINANCIAL ASSETS	9,663	14,283
LIABILITIES		
Accounts payable and accrued liabilities	3,265	3,603
NET FINANCIAL ASSETS	6,398	10,680
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	8,164	4,134
Prepaid expenses	138	118
TOTAL NON-FINANCIAL ASSETS	8,302	4,252
ACCUMULATED SURPLUS (note 4)	14,700	14,932

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Requisition from the City of Peterborough	17,880	18,000	17,728
Interest	-	1	1
TOTAL REVENUES	17,880	18,001	17,729
EXPENSES			
Streetscape	8,500	10,962	10,510
Administration and promotion	2,880	4,360	3,615
Amortization	3,385	2,911	3,385
Donations	-	-	20,000
TOTAL EXPENSES	14,765	18,233	37,510
ANNUAL SURPLUS/(DEFICIT)	<u>3,115</u>	(232)	(19,781)
ACCUMULATED SURPLUS - beginning of year		14,932	34,713
ACCUMULATED SURPLUS - end of year		14,700	14,932

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	3,115	(232)	(19,781)
Amortization of tangible capital assets	3,385	2,911	3,385
Purchase of tangible capital assets	(5,500)	(6,941)	-
Change in prepaid expenses	-	(20)	(118)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	1,000	(4,282)	(16,514)
NET FINANCIAL ASSETS - beginning of year	10,680	10,680	27,194
NET FINANCIAL ASSETS - end of year	11,680	6,398	10,680

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, 2022

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(232)	(19,781)
Items not involving cash		
Amortization of tangible capital assets	2,911	3,385
Change in non-cash assets and liabilities		
Accounts Receivable	(4,500)	-
Prepaid expenses	(20)	(118)
Accounts payable and accrued liabilities	(338)	271
Net change in cash from operating activities	(2,179)	(16,243)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(6,941)	-
NET CHANGE IN CASH	(9,120)	(16,243)
CASH - beginning of year	14,283	30,526
CASH - end of year	5,163	14,283

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, 2022

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.

Donation revenue is recognized when the amounts are received.

(c) 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, 2022

2. 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 Organization'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 Organization'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.

(e) 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:

	2022 Signage \$	2021 Signage \$
COST		
Balance, beginning of year	24,640	24,640
Add: additions during the year	6,941	-
Balance, end of year	31,581	24,640
ACCUMULATED AMORTIZATION		
Balance, beginning of year	20,506	17,121
Add: additions during the year	2,911	3,385
Balance, end of year	23,417	20,506
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	8,164	4,134

THE VILLAGE BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Surplus/(Deficit)		
Operating surplus/(deficit)	(5,464)	(202)
Invested In Capital Assets		
Net book value of tangible capital assets	8,164	4,134
Surplus	2,700	3,932
Reserves		
Capital reserve	12,000	11,000
	14,700	14,932

5. BUDGET FIGURES

The budget, approved by the Organization, for 2022 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.

6. 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.

Details of the inter-entity expense transactions are as follows:

	2022	2021
Allocated costs:		
Promotion costs	-	700

PETERBOROUGH HOUSING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

PETERBOROUGH HOUSING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets/(Liabilities)	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 17
Schedule of Tangible Capital Assets	18
Schedules of Segment Disclosure	19 - 20
Continuity of Surplus/(Deficit) and Reserve Funds	21
Schedules of Operations for AHP Properties	22 - 23
SPRUCE CORNERS	
Auditor's Comments on Supplementary Financial Information	24
Supplementary Statement of Financial Position	25
Supplementary Schedule of Operations	26
Notes to the Supplementary Financial Information	27
SUNSHINE HOMES	
Auditor's Comments on Supplementary Financial Information	28
Supplementary Statement of Financial Position	29
Supplementary Schedule of Operations	30
Notes to the Supplementary Financial Information	31

INDEPENDENT AUDITOR'S REPORT

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

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, 2021, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) 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, 2021, 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.

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
June 24, 2022

PETERBOROUGH HOUSING CORPORATION**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
At December 31, 2021

	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash	9,049,613	4,334,965
Accounts receivable (note 3)	1,714,814	1,997,743
Loans receivable (note 4)	1,849,985	2,013,807
Investments (note 5)	3,551,963	3,343,485
TOTAL FINANCIAL ASSETS	16,166,375	11,690,000
LIABILITIES		
Short term debt and loan advances (note 6)	24,029,000	12,494,000
Accounts payable and accrued liabilities	6,446,700	5,040,580
Long term debt (note 7)	14,122,210	15,034,207
Employee future benefits (note 8)	141,361	128,791
TOTAL LIABILITIES	44,739,271	32,697,578
NET FINANCIAL ASSETS/(LIABILITIES)	(28,572,896)	(21,007,578)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	71,235,596	59,468,459
Prepaid expenses	334,771	293,384
Inventories of supplies	9,000	11,450
TOTAL NON-FINANCIAL ASSETS	71,579,367	59,773,293
ACCUMULATED SURPLUS (note 14)	43,006,471	38,765,715

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, 2021

	Budget 2021 \$ (unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Rent	7,405,732	7,636,783	7,231,741
City of Peterborough subsidy (note 15)	6,299,351	6,860,763	7,660,216
Laundry and miscellaneous recoveries	129,284	268,415	211,501
Other subsidies	56,647	98,213	143,560
Management fees	39,923	31,000	26,815
Investment income	-	242,042	177,751
Interest on loans receivable	-	87,015	72,468
Gain on sales of tangible capital assets	-	3,362,190	1,647,304
Contribution from Sunshine Homes Non-Profit Inc. (note 5)	-	-	24,567
TOTAL REVENUES	13,930,937	18,586,421	17,195,923
EXPENSES			
Materials and services (note 16)	1,780,121	1,987,448	1,740,232
Utilities (note 17)	2,259,877	2,082,274	2,038,510
Administrative overhead (note 18)	497,888	548,745	361,835
Bad debts	69,212	66,056	43,761
Insurance	326,995	410,783	268,704
Salaries and benefits	2,539,891	2,413,674	2,572,149
Property taxes	2,089,211	2,095,406	2,020,382
Major repairs	876,000	1,174,533	652,363
Interest on long-term debt	569,756	432,707	512,914
Rent supplements	1,663,767	1,543,424	1,583,409
Amortization of capital assets	1,645,096	1,590,615	1,300,553
TOTAL EXPENSES	14,317,814	14,345,665	13,094,812
ANNUAL SURPLUS/(DEFICIT)	<u>(386,877)</u>	4,240,756	4,101,111
ACCUMULATED SURPLUS - beginning of period		38,765,715	34,664,604
ACCUMULATED SURPLUS - end of period		43,006,471	38,765,715

The accompanying notes are an integral part of these financial statements

PETERBOROUGH HOUSING CORPORATION



CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES) For the Year Ended December 31, 2021

	Budget 2021 \$ (unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS/(DEFICIT)	(386,877)	4,240,756	4,101,111
Amortization of tangible capital assets	1,645,096	1,590,615	1,300,553
Purchase of tangible capital assets	-	(14,162,409)	(13,068,841)
Gain on disposals of tangible capital assets	-	(3,362,190)	(1,647,304)
Proceeds on sales of tangible capital assets	-	4,166,847	2,181,683
Change in prepaid expenses	-	(41,387)	(43,798)
Change in inventories of supplies	-	2,450	4,601
CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)	1,258,219	(7,565,318)	(7,171,995)
NET FINANCIAL ASSETS/(LIABILITIES) - beginning of period	(21,007,578)	(21,007,578)	(13,835,583)
NET FINANCIAL ASSETS/(LIABILITIES) - end of period	(19,749,359)	(28,572,896)	(21,007,578)

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, 2021

	2021 \$	2020 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	4,240,756	4,101,111
Items not involving cash		
Amortization of tangible capital assets	1,590,615	1,300,553
Gain on disposal of tangible capital assets	(3,362,190)	(1,647,304)
Change in employee future benefits	12,570	12,988
Change in non-cash assets and liabilities		
Accounts receivable	282,929	267,867
Loans receivable	163,822	173,189
Prepaid expenses	(41,387)	(43,798)
Inventories of supplies	2,450	4,601
Accounts payable and accrued liabilities	1,406,120	389,160
Deferred revenue	-	67,841
Net change in cash from operating activities	4,295,685	4,626,208
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(14,162,409)	(13,068,841)
Proceeds on disposal of tangible capital assets	4,166,847	2,181,683
Net change in cash from capital activities	(9,995,562)	(10,887,158)
INVESTING ACTIVITIES		
Purchase of investments	(208,478)	(184,486)
FINANCING ACTIVITIES		
Debt principal repayments	(911,997)	(1,091,316)
Short term debt and loan advances received	11,535,000	7,121,000
Net change in cash from financing activities	10,623,003	6,029,684
NET CHANGE IN CASH	4,714,648	(415,752)
CASH - beginning of period	4,334,965	4,750,717
CASH - end of period	9,049,613	4,334,965

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

1. NATURE OF ORGANIZATION

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% owned 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.

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.

(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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates;
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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.

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2021	2020
	\$	\$
Tenants	154,139	117,110
City of Peterborough subsidy	447,861	180,341
Lien deposits	698,991	698,991
Other	544,057	1,100,203
Allowance for doubtful accounts	(130,234)	(98,902)
	1,714,814	1,997,743

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

During 2019, liens were placed on two properties currently 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.

4. 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.

	2021	2020
	\$	\$
Trailview Terrace AHP	1,125,158	1,244,369
Saunder's Court AHP	724,827	769,438
	1,849,985	2,013,807

PETERBOROUGH HOUSING CORPORATION



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

5. INVESTMENTS

Investments are comprised of the following:

	2021	2020
	\$	\$
Social housing bond funds	1,402,916	1,377,945
Social housing equity funds	1,151,899	984,021
Sunshine Homes bond funds	977,456	961,970
Homeward Bound savings trust accounts	19,692	19,549
	3,551,963	3,343,485

Sunshine Homes Non-Profit Inc. transferred funds to the Corporation for the capital reserve fund in the amount of \$nil (2020 - \$24,567) which is recorded as revenue on the consolidated statement of operations and accumulated surplus.

6. SHORT TERM DEBT AND LOAN ADVANCES

The Corporation received construction financing advances from the City of Peterborough for the McRae property project at an annual interest rate of 2.24%. The balance outstanding as at December 31, 2021 is \$18,929,000 (2020 - \$7,394,000).

The Corporation received construction financing advances from the Township of Havelock-Belmont-Methuen for the Havelock property project at an annual interest rate of 2.24%. The balance outstanding as at December 31, 2021 is \$5,100,000 (2020 - \$5,100,000).

PETERBOROUGH HOUSING CORPORATION



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

7. LONG TERM DEBT

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

	2021 \$	2020 \$
Anson House and Saunder's Court debenture held with Infrastructure Ontario, matured November 1, 2020. Monthly installments of interest at 3.97% payable until debenture was renegotiated in 2021	-	3,670,820
Trailview Terrace mortgage held with RBC Insurance, payable in blended monthly installments of \$15,908, interest at 5.46%, maturing June 1, 2030	2,535,620	2,588,078
Woollen Mill mortgage held with Royal Bank of Canada, payable in blended monthly installments of \$7,663, interest at 3.01%, maturing August 1, 2027	1,933,609	2,085,255
Anishnawbe mortgage held with MCAP Financial Corporation, payable in blended monthly installments of \$2,153, interest at 2.54%, maturing December 1, 2022	247,901	267,209
Spruce Corners mortgage held with Canada Mortgage and Housing Corporation, payable in blended monthly installments of \$2,190, interest at 1.88%, maturing December 1, 2022	149,019	172,271
River Ridge mortgage held with Royal Bank of Canada, payable in blended monthly installments of \$12,889, interest at 2.02%, maturing April 1, 2031	1,313,176	1,439,166
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	355,581	368,813
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	167,208	173,430
Bradburn House mortgage held with Royal Bank of Canada, payable in blended monthly installments of \$4,864, interest at 2.64%, maturing October 18, 2036	712,715	748,450
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	1,120,468	1,239,916
Saunder's Court debenture held with Infrastructure Ontario, matured November 1, 2020. Monthly installments of interest at 3.81% payable until debenture was renegotiated in 2021	-	773,348

PETERBOROUGH HOUSING CORPORATION



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

7. LONG TERM DEBT, continued

	2021 \$	2020 \$
Sunshine Homes mortgage held with Canada Mortgage and Housing Corporation, payable in blended monthly installments of \$39,856, interest at 1.86%, maturing April 1, 2024	1,053,258	1,507,451
Anson House 1st mortgage held with RBC maturing on June 1, 2031. Blended monthly installments of \$4,976, interest at 2.98%	1,389,321	-
Saunders Court 1st mortgage held with RBC maturing on June 1, 2031. Blended monthly installments of \$5,741, interest at 2.98%	1,603,062	-
Saunders Court Affordability mortgage held with RBC maturing on April 1, 2031. Blended monthly installments of \$7,226, interest at 2.78%	728,737	-
Anson House 2nd mortgage held with RBC maturing on April 1, 2026. Blended monthly installments of \$1,939, interest at 2.91%	369,587	-
Saunders Court 2nd mortgage held with RBC maturing on April 1, 2026. Blended monthly installments of \$2,044, interest at 2.91%	442,948	-
	<u>14,122,210</u>	<u>15,034,207</u>

(b) Interest paid during the period on long term debt amounted to \$548,745 (2020 - \$515,897).

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

	Principal \$	Interest \$	Total \$
2022	1,156,209	503,097	1,659,306
2023	1,189,518	469,788	1,659,306
2024	863,097	437,577	1,300,674
2025	826,725	341,126	1,167,851
2026	839,380	288,911	1,128,291
2027 and subsequent years	9,247,281	3,370,753	12,618,034
	<u>14,122,210</u>	<u>5,411,252</u>	<u>19,533,462</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

8. 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 2021 Annual Report disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets of \$117,665 million indicating an actuarial deficit of \$3,131 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 2021 were \$163,798 (2020 - \$197,112).

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, 2021 to be \$141,361 (2020 - \$128,791) and may require funding in future periods.

The actuarial valuation as at December 31, 2021 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.

9. BUDGET FIGURES

The budget, approved by the Corporation, for 2021 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Liabilities). 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.

10. INTER-ENTITY TRANSACTIONS

The Corporation recognized subsidies from the City of Peterborough, its sole shareholder, in the amount of \$6,810,226 (2020 - \$7,650,854). As disclosed in note 6, the Corporation has construction financing from the City of Peterborough which has been recorded at the exchange value. This construction financing has no specific terms of repayment. During the year, the Corporation made payments to the City of Peterborough in the amounts of \$1,886,629 (2020 - \$1,843,432) for property taxes, \$nil (2020 - \$1,403,854) for building permits and application fees on construction projects, \$nil (2020 - \$40,000) for park levies, \$69,661 (2020 - \$59,116) for interest on the short term loan, \$34,284 (2020 - \$29,931) for waste pick up fees and \$65,521 (2020 - \$43,668) for information technology maintenance services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

11. TANGIBLE CAPITAL ASSETS

The net book value of the tangible capital assets are:

	2021	2020
	\$	\$
General		
Land	11,212,150	11,543,374
Buildings	39,889,373	34,044,171
Building improvements	1,137,109	1,183,672
Equipment, furniture and fixtures	95,533	98,464
	52,334,165	46,869,681
Assets under construction	18,901,431	12,598,778
	71,235,596	59,468,459

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

During the period there were no write-downs (2020 - \$Nil) and no interest capitalized (2020 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2021	2020
	\$	\$
Social Housing operations	9,604,792	10,045,616
AHP properties	58,871,560	46,508,711
Anishnawbe	358,992	368,867
Spruce Corners	144,979	166,611
Sunshine Homes	2,255,273	2,378,654
	71,235,596	59,468,459

12. COMMITMENT

The Corporation has entered into a commitment to redevelop the McRae property for a total commitment of \$23,508,000 to be funded from future long-term debt and the disposal of properties. Costs incurred to December 31, 2021 are \$9,987,456 (2020 - \$913,171).

13. COMPARATIVE FIGURES

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

PETERBOROUGH HOUSING CORPORATION



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

14. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Surplus/(Deficit)		
Unfunded employee future benefits	(141,361)	(128,791)
Social Housing operations - note 14(c)	254,066	303,465
Capital	2,735,721	2,988,251
Anishnawbe	159,198	130,723
AHP	2,366,962	2,254,806
Spruce Corners	31,634	34,064
Rent Supplement	1,993,741	1,851,210
Sunshine Homes	189,843	203,369
New development	444,556	(2,619,083)
	8,034,360	5,018,014
Invested In Capital Assets		
Tangible capital assets - net book value	71,235,596	59,468,459
Long term debt	(14,122,210)	(15,034,207)
Short term debt and loan advances	(24,029,000)	(12,494,000)
	33,084,386	31,940,252
Surplus	41,118,746	36,958,266
Reserve Funds		
Social Housing operations - Wind Mobile	17,661	15,621
Anishnawbe capital replacement	106,227	90,541
AHP - note 14(b)	592,107	555,611
Sunshine Homes capital replacement	1,164,947	1,140,644
Spruce Corners capital replacement	6,783	5,032
Total Reserve Funds	1,887,725	1,807,449
	43,006,471	38,765,715

PETERBOROUGH HOUSING CORPORATION



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

14. ACCUMULATED SURPLUS, continued

(b) AHP reserve funds include:

	2021	2020
	\$	\$
River Ridge capital replacement	203,125	208,196
Woollen Mill capital replacement	177,600	183,683
Trailview Terrace capital replacement	161,671	145,430
Saunder's Court capital replacement	25,485	8,538
Anson House capital replacement	24,226	9,764
	592,107	555,611

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

	2021	2020
	\$	\$
Social housing operations	194,660	244,056
Finally a Home	59,406	59,409
	254,066	303,465

15. CITY OF PETERBOROUGH SUBSIDIES

City of Peterborough subsidies is comprised of:

	2021	2020
	\$	\$
Anishnawbe - operating	75,000	75,000
Social Housing operations - operating	2,850,000	2,850,000
Capital	876,000	876,000
Sunshine Homes - operating	698,810	785,709
Social Infrastructure Fund	437,342	828,648
Housing Access Peterborough	-	74,150
Rent supplement	1,617,953	1,661,357
Social worker	78,000	78,000
Investment in Affordable Housing	227,658	431,352
	6,860,763	7,660,216

PETERBOROUGH HOUSING CORPORATION



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

16. MATERIALS AND SUPPLIES

Materials and supplies consist of the following:

	2021	2020
	\$	\$
Repairs and maintenance	1,351,943	1,166,524
Security	23,881	9,868
Grounds	578,037	534,635
Food - Spruce Corners	33,587	29,205
	1,987,448	1,740,232

17. UTILITIES

Utilities consist of the following:

	2021	2020
	\$	\$
Electricity	1,057,705	1,035,434
Water	668,736	653,495
Fuel	355,833	349,581
	2,082,274	2,038,510

18. ADMINISTRATIVE OVERHEAD

Administrative overhead consists of the following:

	2021	2020
	\$	\$
Promotion	9,278	9,362
Bank and collection charges	169,728	15,222
Office	65,177	64,649
Legal fees	20,558	14,773
Audit fees	44,876	24,702
Professional fees	74,223	50,464
Information technology	94,631	111,522
Travel	21,732	28,659
Telephone and telecommunications	44,652	36,368
Memberships	3,890	6,114
	548,745	361,835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

19. 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	1,274,400
Trailview Terrace - Quad - AHP	25 years	January 1, 2035	480,000	249,600
Trailview Terrace - AHP	20 years	January 1, 2030	1,330,000	532,000
Saunder's Court - AHP	20 years	November 1, 2030	798,000	352,450
Home Grown Homes - AHP	20 years	January 2, 2029	280,000	98,000
Anson House - AHP	20 years	August 1, 2029	1,000,000	379,167
Woollen Mill - ARHP	20 years	July 1, 2027	1,450,000	398,750
River Ridge - AHP	20 years	June 1, 2026	2,000,000	441,667
Home Grown Homes - CMHC	8 years	August 29, 2024	26,478	8,826
Woollen Mill - RRAP	15 years	April 1, 2022	900,000	15,000
Peterborough Housing - SHRRP	10 years	Estimated Spring 2022	1,707,051	-
			12,131,529	3,749,860

20. 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 Havelock and Malcolm Court.

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.

20. 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.

HAP Fund

Funds received from the City of Peterborough to administer the Co-ordinated Housing Access Program are accounted for in the HAP Fund. All expenses incurred to administer the HAP program are charged to this fund. This program was transferred to the City of Peterborough effective July 1, 2020.

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.

Social Housing Operations Fund

All mandated Social 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. All expenses incurred that are not capital in nature are charged to this fund.

21. UNCERTAINTY CAUSED BY COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Corporation's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Corporation's operations. The extent of the impact of this outbreak and related containment measures on the Corporation's operations cannot be reliably estimated at this time.

PETERBOROUGH HOUSING CORPORATION



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2021

	General					
	Land \$	Buildings \$	Building Improvements \$	Equipment, furniture and fixtures \$	Assets Under Construction \$	Totals \$
COST						
Balance, beginning of year	11,543,374	81,709,224	1,629,453	786,751	12,598,778	108,267,580
Add: additions during the year	-	334,058	-	34,888	13,793,463	14,162,409
Less: disposals during the year	331,224	792,801	-	-	-	1,124,025
Internal transfers	-	7,490,810	-	-	(7,490,810)	-
Balance, end of year	11,212,150	88,741,291	1,629,453	821,639	18,901,431	121,305,964
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	47,665,053	445,781	688,287	-	48,799,121
Add: additions during the year	-	1,506,233	46,563	37,819	-	1,590,615
Less: disposals during the year	-	319,368	-	-	-	319,368
Balance, end of year	-	48,851,918	492,344	726,106	-	50,070,368
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	11,212,150	39,889,373	1,137,109	95,533	18,901,431	71,235,596

PETERBOROUGH HOUSING CORPORATION



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2021

	AHP \$	Anishnawbe \$	Spruce Corners \$	Sunshine Homes \$	Capital \$	Rent Supplement \$	Social Housing Operations \$	New Development \$	Consolidated \$
Revenues									
Rent	2,875,192	39,878	52,224	522,159	-	-	4,147,330	-	7,636,783
City of Peterborough subsidy	-	75,000	-	698,810	876,000	1,617,953	2,928,000	665,000	6,860,763
Laundry and miscellaneous recoveries	67,967	186	31,195	17,634	-	-	151,433	-	268,415
Other subsidies	-	-	56,541	41,672	-	-	-	-	98,213
Management fees	(70,000)	(6,500)	(6,763)	-	-	-	114,263	-	31,000
Interfunctional rental fees	58,200	-	-	-	-	-	(58,200)	-	-
Investment income	5,036	686	33	17,698	124,937	68,002	25,650	-	242,042
Interest on loans receivable	87,015	-	-	-	-	-	-	-	87,015
Gain on sales of tangible capital assets	-	-	-	-	-	-	3,362,190	-	3,362,190
Total revenues	3,023,410	109,250	133,230	1,297,973	1,000,937	1,685,955	10,670,666	665,000	18,586,421
Expenses									
Materials and services	429,269	9,563	61,316	193,896	-	-	1,293,404	-	1,987,448
Utilities	478,445	16,126	12,634	22,584	-	-	1,552,485	-	2,082,274
Administrative overhead	197,668	1,219	4,449	14,874	-	-	330,535	-	548,745
Bad debts	5,092	1,100	-	2,462	-	-	57,402	-	66,056
Insurance	108,857	1,728	1,870	54,496	-	-	243,832	-	410,783
Salaries and benefits	263,064	-	13,915	99,996	-	-	2,036,699	-	2,413,674
Property taxes	231,776	9,558	3,870	247,635	-	-	1,602,567	-	2,095,406
Major repairs	56,162	-	9,688	174,222	934,461	-	-	-	1,174,533
Interest on long-term debt	398,389	6,488	2,990	23,367	-	-	1,473	-	432,707
Rent supplements	-	-	-	-	-	1,543,424	-	-	1,543,424
Amortization of capital assets	1,309,292	11,361	21,831	123,381	-	-	124,750	-	1,590,615
Total expenses	3,478,014	57,143	132,563	956,913	934,461	1,543,424	7,243,147	-	14,345,665
Net surplus/(deficit)	(454,604)	52,107	667	341,060	66,476	142,531	3,427,519	665,000	4,240,756

PETERBOROUGH HOUSING CORPORATION



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2020

	AHP \$	Anishnawbe \$	Spruce Corners \$	Sunshine Homes \$	Capital \$	HAP \$	Rent Supplement \$	Social Housing Operations \$	New Development \$	Consolidated \$
Revenues										
Rent	2,329,658	40,036	48,288	513,568	-	-	-	4,300,191	-	7,231,741
City of Peterborough subsidy	-	75,000	-	785,709	876,000	74,150	1,661,357	2,928,000	1,260,000	7,660,216
Laundry and miscellaneous recoveries	33,538	-	29,250	4,094	-	-	-	144,619	-	211,501
Other subsidies	-	-	56,383	45,875	-	-	-	-	41,302	143,560
Management fees	(70,000)	(6,500)	(6,763)	-	-	-	-	110,078	-	26,815
Interfunctional rental fees	58,200	-	-	-	-	-	-	(58,200)	-	-
Investment income	7,315	595	34	16,373	69,645	-	36,780	47,009	-	177,751
Interest on loans receivable	72,468	-	-	-	-	-	-	-	-	72,468
Gain on sales of tangible capital assets	-	-	-	-	-	-	-	1,647,304	-	1,647,304
Contribution from Sunshine Homes Non-Profit Inc.	-	-	-	24,567	-	-	-	-	-	24,567
Total revenues	2,431,179	109,131	127,192	1,390,186	945,645	74,150	1,698,137	9,119,001	1,301,302	17,195,923
Expenses										
Materials and services	330,853	6,980	65,816	117,920	-	-	-	1,218,663	-	1,740,232
Utilities	394,923	15,036	11,516	14,177	-	-	-	1,602,858	-	2,038,510
Administrative overhead	20,626	504	3,218	12,996	-	22,245	-	302,246	-	361,835
Bad debts	5,500	1,100	-	4,410	-	-	-	32,751	-	43,761
Insurance	60,154	1,456	1,755	26,563	-	-	-	178,776	-	268,704
Salaries and benefits	192,089	-	15,987	128,037	-	51,905	-	2,184,131	-	2,572,149
Property taxes	197,331	9,411	3,837	239,242	-	-	-	1,570,561	-	2,020,382
Major repairs	7,113	3,607	-	85,152	556,491	-	-	-	-	652,363
Interest on long-term debt	470,802	6,970	3,422	31,720	-	-	-	-	-	512,914
Rent supplements	-	-	-	-	-	-	1,583,409	-	-	1,583,409
Amortization of capital assets	1,025,013	11,574	21,731	123,381	-	-	-	118,854	-	1,300,553
Total expenses	2,704,404	56,638	127,282	783,598	556,491	74,150	1,583,409	7,208,840	-	13,094,812
Net surplus/(deficit)	(273,225)	52,493	(90)	606,588	389,154	-	114,728	1,910,161	1,301,302	4,101,111

PETERBOROUGH HOUSING CORPORATION



CONSOLIDATED CONTINUITY OF SURPLUS/(DEFICIT) AND RESERVE FUNDS For the Year Ended December 31, 2021

	AHP \$	Anishnawbe \$	Spruce Corners \$	Sunshine Homes \$	Capital \$	Rent Supplement \$	Social Housing Operations \$	New Development \$	Consolidated \$
Surplus/(Deficit)									
Net surplus/(deficit)	(454,604)	52,107	667	341,060	66,476	142,531	3,427,519	665,000	4,240,756
Add: Amortization	1,309,292	11,361	21,831	123,381	-	-	124,750	-	1,590,615
Proceeds on short and long term debt	-	-	-	-	-	-	-	11,535,000	11,535,000
Unfunded employee future benefits	1,341	-	78	528	-	-	10,623	-	12,570
Less: Debt principal repayments	(415,244)	(19,307)	(23,254)	(454,192)	-	-	-	-	(911,997)
Net transfer from/(to) Capital	(77,014)	-	-	-	(201,834)	-	428,074	(13,506,977)	(13,357,751)
Net transfer from/(to) Reserve Funds	(36,496)	(15,686)	(1,752)	(24,303)	-	-	(2,040)	-	(80,277)
Internal transfers	(215,119)	-	-	-	(117,172)	-	(4,038,325)	4,370,616	-
Change in Surplus/(Deficit)	112,156	28,475	(2,430)	(13,526)	(252,530)	142,531	(49,399)	3,063,639	3,028,916
Opening Surplus/(Deficit)	2,254,806	130,723	34,064	203,369	2,988,251	1,851,210	303,465	(2,619,083)	5,146,805
Closing Surplus/(Deficit)	2,366,962	159,198	31,634	189,843	2,735,721	1,993,741	254,066	444,556	8,175,721
Reserve Funds									
Add: Interest	5,036	686	32	17,698	-	-	-	-	23,452
Transfer from Operations	87,619	15,000	1,719	180,827	-	-	2,040	-	287,205
Less: Transfer to Operations	(56,159)	-	-	(174,222)	-	-	-	-	(230,381)
Change in Reserve Funds	36,496	15,686	1,751	24,303	-	-	2,040	-	80,276
Opening Reserve Funds	555,611	90,541	5,032	1,140,644	-	-	15,621	-	1,807,449
Closing Reserve Funds	592,107	106,227	6,783	1,164,947	-	-	17,661	-	1,887,725

PETERBOROUGH HOUSING CORPORATION



CONSOLIDATED SCHEDULE OF OPERATIONS FOR AHP PROPERTIES For the Year Ended December 31, 2021

	River Ridge \$	Woollen Mill \$	Anson House \$	Saunder's Court \$	Trailview Terrace \$	Bradburn House \$	Home Grown Homes \$	Malcolm Court \$	Gerow Havelock \$	Total \$
Revenues										
Rent	511,681	523,107	236,822	235,445	428,913	137,175	98,614	460,768	242,667	2,875,192
Laundry and miscellaneous recoveries	2,627	20,147	16,516	3,476	6,612	3,698	-	11,299	3,592	67,967
Management fees	(20,300)	(20,300)	(9,800)	(9,800)	(9,800)	-	-	-	-	(70,000)
Interfunctional rental fees	-	51,000	-	-	-	7,200	-	-	-	58,200
Investment income	1,548	1,958	153	136	1,241	-	-	-	-	5,036
Interest on loans receivable	-	-	-	48,801	38,214	-	-	-	-	87,015
Total revenues	495,556	575,912	243,691	278,058	465,180	148,073	98,614	472,067	246,259	3,023,410
Expenses										
Materials and services	57,829	86,209	51,316	40,821	59,136	31,142	17,510	46,195	39,111	429,269
Utilities	118,561	95,382	38,210	19,460	39,694	28,724	11,244	68,248	58,922	478,445
Administrative overhead	5,559	5,534	76,579	88,197	5,577	2,939	1,789	5,234	6,260	197,668
Bad debts	2,000	2,500	592	-	-	-	-	-	-	5,092
Insurance	9,970	12,635	8,250	256	14,035	4,921	2,433	43,556	12,801	108,857
Salaries and benefits	-	45,602	27,095	28,942	55,698	34,179	-	45,350	26,198	263,064
Property taxes	45,200	2,658	41,043	47,357	31,052	19,479	15,931	1,361	27,695	231,776
Major repairs	27,119	29,043	-	-	-	-	-	-	-	56,162
Interest on long-term debt	29,291	59,937	37,993	62,640	176,094	17,514	14,920	-	-	398,389
Amortization of capital assets	140,265	189,378	89,890	134,287	199,402	79,309	25,109	342,196	109,456	1,309,292
Total expenses	435,794	528,878	370,968	421,960	580,688	218,207	88,936	552,140	280,443	3,478,014
Net surplus/(deficit)	59,762	47,034	(127,277)	(143,902)	(115,508)	(70,134)	9,678	(80,073)	(34,184)	(454,604)

PETERBOROUGH HOUSING CORPORATION



CONSOLIDATED SCHEDULE OF OPERATIONS FOR AHP PROPERTIES For the Year Ended December 31, 2020

	River Ridge \$	Woollen Mill \$	Anson House \$	Saunder's Court \$	Trailview Terrace \$	Bradburn House \$	Home Grown Homes \$	Malcom Court \$	Total \$
Revenues									
Rent	513,388	520,463	235,284	230,309	421,562	137,134	98,528	172,990	2,329,658
Laundry and miscellaneous recoveries	1,142	14,783	2,313	3,154	7,763	777	-	3,606	33,538
Management fees	(20,300)	(20,300)	(9,800)	(9,800)	(9,800)	-	-	-	(70,000)
Interfunctional rental fees	-	51,000	-	-	-	7,200	-	-	58,200
Investment income	2,243	2,879	248	131	1,814	-	-	-	7,315
Interest on loans receivable	-	-	-	29,915	42,553	-	-	-	72,468
Total revenues	496,473	568,825	228,045	253,709	463,892	145,111	98,528	176,596	2,431,179
Expenses									
Materials and services	37,450	107,720	41,646	35,800	48,296	32,126	18,145	9,670	330,853
Utilities	121,645	97,360	40,639	17,530	38,599	29,179	10,906	39,065	394,923
Administrative overhead	1,864	3,649	1,856	1,621	4,897	2,172	653	3,914	20,626
Bad debts	2,000	2,500	1,000	-	-	-	-	-	5,500
Insurance	9,351	11,848	6,183	7,816	13,157	4,609	2,276	4,914	60,154
Salaries and benefits	-	46,982	25,258	30,642	55,673	30,126	-	3,408	192,089
Property taxes	43,746	2,813	39,724	45,835	30,942	18,853	15,418	-	197,331
Major repairs	-	7,113	-	-	-	-	-	-	7,113
Interest on long-term debt	30,100	64,398	63,788	92,645	181,627	21,641	16,603	-	470,802
Amortization of capital assets	140,325	189,378	87,239	133,571	198,437	79,407	24,942	171,714	1,025,013
Total expenses	386,481	533,761	307,333	365,460	571,628	218,113	88,943	232,685	2,704,404
Net surplus/(deficit)	109,992	35,064	(79,288)	(111,751)	(107,736)	(73,002)	9,585	(56,089)	(273,225)

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

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

www.bakertilly.ca

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, 2021 (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, 2021 on which we issued our report dated June 24, 2022. 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, 2021 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
June 24, 2022

PETERBOROUGH HOUSING CORPORATION
SPRUCE CORNERS
STATEMENT OF FINANCIAL POSITION
At December 31, 2021

	General Fund \$	Capital Fund \$	2021 Total \$	2020 Total \$
FINANCIAL ASSETS				
Cash	-	5,065	5,065	2,971
Due from PHC	21,689	1,718	23,407	26,251
Tangible capital assets (note 2)	150,135	-	150,135	173,387
	171,824	6,783	178,607	202,609
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Mortgage payable	149,019	-	149,019	172,271
FUND BALANCES	22,805	6,783	29,588	30,338
	171,824	6,783	178,607	202,609

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, 2021

	General Fund \$	Capital Fund \$	2021 Total \$	2020 Total \$
RECEIPTS				
Ministry of Health and Long-Term Care	54,822	1,719	56,541	56,383
Rent	52,224	-	52,224	48,897
Other	31,200	-	31,200	29,250
Interest	-	32	32	34
	138,246	1,751	139,997	134,564
EXPENSES				
Salaries and benefits	13,915	-	13,915	15,987
Management fee	6,763	-	6,763	6,763
Administration	4,449	-	4,449	3,218
Maintenance materials and services	27,729	-	27,729	36,611
Property taxes	3,870	-	3,870	3,837
Insurance	1,870	-	1,870	1,755
Utilities	12,634	-	12,634	11,516
Food	33,587	-	33,587	29,207
Interest	2,990	-	2,990	3,422
Amortization	23,252	-	23,252	22,819
Major repairs	9,688	-	9,688	-
	140,747	-	140,747	135,135
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) FOR THE YEAR	(2,501)	1,751	(750)	(571)
FUND BALANCES - beginning of year	25,306	5,032	30,338	30,909
FUND BALANCES - end of year	22,805	6,783	29,588	30,338

The accompanying notes are an integral part of these financial statements

SPRUCE CORNERS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

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

	2021	2020
	\$	\$
Cost		
Land	33,831	33,831
Building	322,285	322,285
	356,116	356,116
Less: accumulated amortization	(205,981)	(182,729)
	150,135	173,387

Baker Tilly KDN LLP

272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418

F: (705) 742-9775

www.bakertilly.ca

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, 2021 (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, 2021 on which we issued our report dated June 24, 2022. 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, 2021 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
June 24, 2022

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

PETERBOROUGH HOUSING CORPORATION



SUNSHINE HOMES STATEMENT OF FINANCIAL POSITION At December 31, 2021

	General Fund \$	Capital Fund \$	2021 Total \$	2020 Total \$
FINANCIAL ASSETS				
Cash	-	365,689	365,689	269,635
Investments	-	977,456	977,456	961,970
Due from PHC	-	-	-	49,615
Tangible capital assets (note 2)	1,053,258	-	1,053,258	1,507,451
Due from (to) other fund	178,198	(178,198)	-	-
Due from the City of Peterborough	60,250	-	60,250	60,825
	1,291,706	1,164,947	2,456,653	2,849,496
LIABILITIES AND TRUST FUND BALANCES				
CURRENT LIABILITIES				
Due to the City of Peterborough	24,190	-	24,190	-
Mortgage payable	1,053,258	-	1,053,258	1,507,451
Due to PHC	26,911	-	26,911	-
	1,104,359	-	1,104,359	1,507,451
FUND BALANCE	187,347	1,164,947	1,352,294	1,342,045
	1,291,706	1,164,947	2,456,653	2,849,496

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, 2021

	General Fund \$	Capital Fund \$	2021 Total \$	2020 Total \$
RECEIPTS				
City of Peterborough	559,655	139,155	698,810	785,709
Rent	522,159	-	522,159	513,568
Ontario Power Authority solar	-	41,672	41,672	45,875
Other	17,634	-	17,634	4,074
Interest	-	17,698	17,698	16,393
Contribution from Sunshine Homes Non-Profit Inc.	-	-	-	24,567
	1,099,448	198,525	1,297,973	1,390,186
EXPENSES				
Salaries and benefits	99,996	-	99,996	128,037
Administration	17,336	-	17,336	17,406
Maintenance materials and services	193,896	174,222	368,118	203,072
Property taxes	247,635	-	247,635	239,242
Insurance	54,496	-	54,496	26,563
Utilities	22,584	-	22,584	14,177
Interest	23,366	-	23,366	31,720
Amortization	454,193	-	454,193	445,839
	1,113,502	174,222	1,287,724	1,106,056
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	(14,054)	24,303	10,249	284,130
FUND BALANCES - beginning of year	201,401	1,140,644	1,342,045	1,057,915
FUND BALANCES - end of year	187,347	1,164,947	1,352,294	1,342,045

The accompanying notes are an integral part of these financial statements

**SUNSHINE HOMES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

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:

	2021 \$	2020 \$
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	(7,680,887)	(7,226,694)
	1,053,258	1,507,451

FAIRHAVEN

FINANCIAL STATEMENTS

DECEMBER 31, 2022

FAIRHAVEN

FINANCIAL STATEMENTS

DECEMBER 31, 2022

TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 11
Schedule of Tangible Capital Assets	12
TRUST FUND	
Independent Auditor's Report	13
Statement of Financial Position	15
Statement of Continuity	16
Notes to the Financial Statements	17

FAIRHAVEN

For The Year Ended December 31, 2022

MANAGEMENT REPORT

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

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.

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

The Fairhaven's Committee of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

The Committee of Management reviews and approves the Fairhaven's financial statements for issuance to the members of Fairhaven. The Committee of Management 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 the Fairhaven. Baker Tilly KDN LLP has full and free access to the Committee of Management.



Chairperson



Executive Director

June 14, 2023



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

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

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of the Committee of Management of Fairhaven

Opinion

We have audited the financial statements of Fairhaven (the Organization), which comprise the statement of financial position as at December 31, 2022, 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 Organization as at December 31, 2022, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

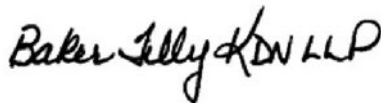
Auditor's Responsibilities for the Audit of the Financial Statements

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 Organization'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 Organization'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 Organization 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 23, 2023

FAIRHAVEN

STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	5,667,367	4,534,158
Investments (note 3)	709,623	657,556
Fees receivable from residents	431,499	441,675
Provincial subsidies receivable	1,723,165	367,312
Sundry receivables	402,909	223,758
TOTAL FINANCIAL ASSETS	8,934,563	6,224,459
LIABILITIES		
Accounts payable and accrued liabilities	1,852,627	1,262,786
Employee future benefits (note 6)	4,646,880	3,243,786
TOTAL LIABILITIES	6,499,507	4,506,572
NET FINANCIAL ASSETS	2,435,056	1,717,887
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	9,471,753	9,889,446
Prepaid expenses	63,331	60,122
TOTAL NON-FINANCIAL ASSETS	9,535,084	9,949,568
ACCUMULATED SURPLUS (note 8)	11,970,140	11,667,455

The accompanying notes are an integral part of these financial statements

FAIRHAVEN

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Fees from residents	5,592,061	5,383,717	5,022,969
Province of Ontario	19,404,829	23,989,072	19,235,366
City of Peterborough (note 12)	1,642,627	1,147,505	1,829,561
County of Peterborough (note 12)	823,184	583,211	743,707
Investment income	31,000	129,219	30,960
Contributions from Fairhaven Foundation (note 13)	-	-	1,852
TOTAL REVENUES	27,493,701	31,232,724	26,864,415
EXPENSES			
Program services	1,052,390	904,220	852,100
Nutrition services	3,087,615	3,218,129	3,186,660
Nursing services	16,710,358	18,872,100	13,723,354
Housekeeping services	999,247	1,304,178	1,150,956
Laundry services	453,754	530,240	458,270
Building and property	1,657,725	1,602,353	1,416,485
General administration	2,576,841	3,314,853	2,955,739
Amortization	1,078,244	1,183,966	1,078,245
TOTAL EXPENSES	27,616,174	30,930,039	24,821,809
ANNUAL SURPLUS/(DEFICIT)	<u>(122,473)</u>	302,685	2,042,606
ACCUMULATED SURPLUS - beginning of year		11,667,455	9,624,849
ACCUMULATED SURPLUS - end of year		11,970,140	11,667,455

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	(122,473)	302,685	2,042,606
Amortization of tangible capital assets	1,078,244	1,183,966	1,078,245
Purchase of tangible capital assets	-	(766,273)	(1,060,832)
Change in prepaid expenses	-	(3,209)	2,431
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	955,771	717,169	2,062,450
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year	1,717,887	1,717,887	(344,563)
NET FINANCIAL ASSETS - end of year	2,673,658	2,435,056	1,717,887

The accompanying notes are an integral part of these financial statements

FAIRHAVEN

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	302,685	2,042,606
Items not involving cash		
Amortization of tangible capital assets	1,183,966	1,078,245
Change in employee future benefits	1,403,094	(203,845)
Change in non-cash assets and liabilities		
Fees receivable from residents	10,176	(25,732)
Provincial subsidies receivable	(1,355,853)	191,880
Sundry receivables	(179,151)	116,785
Prepaid expenses	(3,209)	2,431
Accounts payable and accrued liabilities	589,841	463,593
Net change in cash from operating activities	1,951,549	3,665,963
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(766,273)	(1,060,832)
INVESTING ACTIVITIES		
Maturity of investments	663,211	528,032
Purchase of investments	(715,278)	(557,550)
Net change in cash from investing activities	(52,067)	(29,518)
FINANCING ACTIVITIES		
Debt principal repayments	-	(817,775)
NET CHANGE IN CASH	1,133,209	1,757,838
CASH - beginning of year	4,534,158	2,776,320
CASH - end of year	5,667,367	4,534,158

The accompanying notes are an integral part of these financial statements

FAIRHAVEN

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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, 2022

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 Committee of Management, 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, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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 \$709,623 (2021 - \$657,556) are recorded at cost. These investments consist of Guaranteed Investment Certificates with interest rates from 2.86% to 4.49% and maturities ranging from April 20, 2023 to July 25, 2024.

4. TANGIBLE CAPITAL ASSETS

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

	2022	2021
	\$	\$
General		
Land improvements	496,814	510,376
Buildings	7,774,124	8,415,602
Machinery and equipment	1,200,815	963,468
	9,471,753	9,889,446

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

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

FAIRHAVEN

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

5. TRUST FUNDS

Trust funds administered by Fairhaven amounting to \$81,631 (2021 - \$63,683) 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.

6. 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.

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 6.5% for 2023, decreasing to 2.0% in 2026 and thereafter, discount rate of 4.6% and an expected increase in the WSIB health escalation rate of 4%.

	2022	2021
	\$	\$
Future payments required to WSIB	2,096,000	2,124,500
Vested sick leave benefit plan	51,837	51,692
Non-vested sick leave benefit plan	293,700	-
Retiree health benefit plan	1,121,000	-
Vacation pay entitlements	1,084,343	1,067,594
	4,646,880	3,243,786

FAIRHAVEN

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

6. EMPLOYEE FUTURE BENEFITS, continued

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

	2022	2021
	\$	\$
Accrued benefit obligation at January 1	1,791,900	1,858,600
Unamortized actuarial gains	332,600	396,800
Liability at January 1	2,124,500	2,255,400
Current year benefit cost	451,400	345,400
Interest on WSIB employee future benefit liability	54,200	53,200
Amortized actuarial gain	(64,200)	(64,200)
Benefit payments	(469,900)	(465,300)
Liability at December 31	2,096,000	2,124,500

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 - first year 2022	7.30%
- decreasing over 20 years to	4.00%

Accrued benefit liabilities at December 31, 2022 include a transitional obligation for the non-vested sick leave benefit of \$293,700 and a transitional obligation for the retiree benefit plan of \$1,121,000.

7. 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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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.

The Fairhaven's required contributions to OMERS in 2022 were \$988,815 (2021 - \$964,462).

FAIRHAVEN

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

8. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Surplus/(Deficit)		
Unfunded employee future benefits	(4,646,880)	(3,243,786)
Invested In Capital Assets		
Tangible capital assets - net book value	9,471,753	9,889,446
Surplus	4,824,873	6,645,660
Reserves		
Working capital reserve	7,145,267	5,021,795
	11,970,140	11,667,455

9. EXPENSES BY OBJECT

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

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	22,133,465	25,294,417	20,457,765
Interest charges	-	-	12,821
Materials	3,296,732	3,373,056	2,852,020
Contracted services	1,191,533	1,298,452	718,403
Rents and financial	27,800	36,120	45,945
Amortization	1,078,244	1,183,966	1,078,245
Expenditure recoveries	(111,600)	(255,972)	(343,390)
	27,616,174	30,930,039	24,821,809

10. BUDGET FIGURES

The budget, approved by Fairhaven, for 2022 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.

FAIRHAVEN

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

11. 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.

12. 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 \$9,249 (2021 - \$8,470).

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

13. 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 \$2,770 (2021 - \$2,400). 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 \$Nil (2021 - \$1,852).

The amount due from the Fairhaven Foundation of \$6,028 (2021 - due to Fairhaven Foundation \$3,807) is non-interest bearing with no specified terms of repayment. This amount is reported as part of the sundry receivables (2021 - accounts payable and accrued liabilities).

FAIRHAVEN

SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2022

	General			
	Land improvements	Buildings	Machinery and equipment	Totals
	\$	\$	\$	\$
COST				
Balance, beginning of year	1,099,813	25,242,665	2,825,962	29,168,440
Add: additions during the year	26,788	198,095	541,390	766,273
Balance, end of year	1,126,601	25,440,760	3,367,352	29,934,713
ACCUMULATED AMORTIZATION				
Balance, beginning of year	589,437	16,827,063	1,862,494	19,278,994
Add: additions during the year	40,350	839,573	304,043	1,183,966
Balance, end of year	629,787	17,666,636	2,166,537	20,462,960
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	496,814	7,774,124	1,200,815	9,471,753

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

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Committee of Management of
Fairhaven**

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

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, 2022, 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, 2022, 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 at the end of the year.

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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 23, 2023

FAIRHAVEN

TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022 Personal Trust Funds \$	2021 Personal Trust Funds \$
FINANCIAL ASSETS		
Cash	98,108	66,386
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to Fairhaven	16,477	2,703
FUND BALANCE	81,631	63,683
	98,108	66,386

The accompanying notes are an integral part of these financial statements

FAIRHAVEN



TRUST FUND
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2022

	2022 Personal Trust Funds \$	2021 Personal Trust Funds \$
BALANCE - beginning of year	63,683	66,454
RECEIPTS		
Residents' contributions	105,146	60,989
Transfer from Fairhaven	28,686	25,571
	133,832	86,560
EXPENSES		
Residents' personal costs	91,048	66,581
Funerals and refunds	9,751	11,702
Residents' maintenance	14,068	9,683
Donation to Fairhaven Foundation	1,017	1,365
	115,884	89,331
BALANCE - end of year	81,631	63,683

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, 2022

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, 2022

Peterborough Public Health
Consolidated Financial Statements
December 31, 2022

Table Of Contents

	Page Number
Management Report	
Independent Auditor's Report	
Consolidated Financial Statements	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Net Debt	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 11
Schedule of Tangible Capital Assets	12
Consolidated Schedule of Expenses by Program	13
Schedules of Revenue and Expenses	
Public Health Programs and Services	14
Safe Sewage Disposal Program	15
Covid-19	16
Ontario Seniors Dental	17

Peterborough Public Health

For The Year Ended December 31, 2022

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 14, 2023
Medical Officer of Health		Date	June 14, 2023

INDEPENDENT AUDITOR'S REPORT

D: 705.742-3418
F: 705.742-9775

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

www.bakertilly.ca

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, 2022, 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, 2022, 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.

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.

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 10, 2023

PETERBOROUGH PUBLIC HEALTH

Consolidated Statement of Financial Position At December 31, 2022

	2022 \$	2021 \$
Financial Assets		
Cash	4,945,167	4,163,705
Accounts receivable	364,465	425,177
Due from the Province of Ontario	-	441,699
Total Financial Assets	5,309,632	5,030,581
Liabilities		
Accounts payable and accrued	1,510,673	1,686,842
Due to Province of Ontario	202,477	-
Employee benefits payable (note 3)	647,253	626,899
Deferred revenue (note 4)	741,636	722,617
Long term debt (note 6)	2,811,224	2,922,053
Total Liabilities	5,913,263	5,958,411
Net Debt	(603,631)	(927,830)
Non-Financial Assets		
Tangible capital assets (note 5)	8,425,299	8,654,299
Prepaid expenses	2,201	2,201
Total Non-Financial Assets	8,427,500	8,656,500
Accumulated Surplus (note 8)	7,823,869	7,728,670

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Revenues			
Province of Ontario	16,448,736	14,561,717	15,723,858
City and County of Peterborough and Curve Lake and Hiawatha First Nations	2,272,319	2,273,014	2,278,715
Fees for service	765,975	532,137	567,753
Other	235,729	81,802	72,426
Interest	47,000	102,152	22,863
Total Revenues	19,769,759	17,550,822	18,665,615
Expenses			
Salaries and wages	12,423,012	11,455,169	11,775,663
Benefits	3,184,782	2,744,704	2,709,679
Program costs	1,455,789	1,945,513	2,432,655
Administration and occupancy	1,393,836	1,081,237	1,243,712
Amortization	229,000	229,000	229,000
Total Expenses	18,686,419	17,455,623	18,390,709
Annual Surplus	1,083,340	95,199	274,906
Accumulated Surplus - beginning of year	7,728,670	7,728,670	7,453,764
Accumulated Surplus - end of year	8,812,010	7,823,869	7,728,670

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Annual Surplus	1,083,340	95,199	274,906
Amortization of tangible capital assets	229,000	229,000	229,000
Acquisition of tangible capital assets	-	-	(228,256)
Change in prepaid expenses	-	-	13,189
Change in Net Debt	1,312,340	324,199	288,839
Net Debt - beginning of year	(927,830)	(927,830)	(1,216,669)
Net Debt - end of year	384,510	(603,631)	(927,830)

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, 2022

	2022 \$	2021 \$
Cash Provided By (Used In)		
Operating Activities		
Annual surplus	95,199	274,906
Items not involving cash		
Amortization of tangible capital assets	229,000	229,000
Change in non-cash assets and liabilities		
Accounts receivable	60,712	(181,170)
Due from the Province of Ontario	441,699	(400,967)
Prepaid expenses	-	13,189
Accounts payable and accrued liabilities	(176,169)	309,771
Due to the Province of Ontario	202,477	-
Employee benefits payable	20,354	87,871
Deferred revenue	19,019	35,704
Net change in cash from operating activities	892,291	368,304
Capital Activities		
Purchase of tangible capital assets	-	(228,256)
Financing Activities		
Debt principal repayments	(110,829)	(107,205)
Net change in cash	781,462	32,843
Cash - beginning of year	4,163,705	4,130,862
Cash and cash equivalents - end of year	4,945,167	4,163,705

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, 2022

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, 2022

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, 2022

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 \$647,253 (2021 - \$626,899) that are fully funded and will require payment in future periods.

4. Deferred Revenue

Deferred revenue consists of:

	2022 \$	2021 \$
Specific coalition projects	302,487	359,106
Safe sewage disposal program	240,993	236,085
Partner funding	198,156	127,426
	741,636	722,617

5. Tangible Capital Assets

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

	2022 \$	2021 \$
General		
Buildings	7,451,575	7,624,867
Dental clinic	637,314	650,970
Furniture and equipment	336,410	378,462
	8,425,299	8,654,299

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

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

PETERBOROUGH PUBLIC HEALTH

Notes To The Consolidated Financial Statements For the Year Ended December 31, 2022

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:

	2022	2021
	\$	\$
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	2,811,224	2,922,053

- (b) Interest paid during the year on long term debt amounted to \$95,623 (2021 - \$99,250).
- (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, 2022, 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
	\$	\$	\$
2023	114,577	91,875	206,452
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 and subsequent years	2,198,267	520,023	2,718,290
	2,811,224	939,326	3,750,550

PETERBOROUGH PUBLIC HEALTH

Notes To The Consolidated Financial Statements For the Year Ended December 31, 2022

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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 were \$824,935 (2021 - \$785,737).

8. Accumulated Surplus

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Surplus		
Safe sewage disposal program	85,075	131,790
Invested In Capital Assets		
Tangible capital assets - net book value	8,425,299	8,654,299
Long term debt	(2,811,224)	(2,922,053)
	5,614,075	5,732,246
Surplus	5,699,150	5,864,036
Reserves		
Occupancy/renovation	619,154	604,544
Local vaccination program	646	630
Food security project	51,497	50,282
Vector Borne Diseases	5,486	5,357
Infant Toddler Development program	4,066	3,960
Program	203,445	198,644
	884,294	863,417
Contingency reserve	1,240,425	1,001,217
	7,823,869	7,728,670

PETERBOROUGH PUBLIC HEALTH

Notes To The Consolidated Financial Statements For the Year Ended December 31, 2022

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:

	2022	2021
	\$	\$
Medical Officer of Health compensation - base salary	250,000	211,538
Community Medicine stipend - 100% Provincial	5,000	4,167
Physician compensation - 100% Provincial	56,069	39,620
After hours availability - 100% Provincial	12,000	10,000
	323,069	265,325

One Time Costs - 100% Provincial Funded

	2022	2021
	\$	\$
Public health inspection student	20,000	24,994
Indigenous program initiative	10,000	10,000
Ontario Seniors Dental Program Clinic Expansion	1,996	295,612
SFO tablets and equipment	3,521	-
One Time Costs - 100% Provincial	35,517	330,606

One Time Provincial Revenue

	2022	2021
	\$	\$
Mitigation funding	1,015,000	1,015,000

PETERBOROUGH PUBLIC HEALTH

Notes To The Consolidated Financial Statements For the Year Ended December 31, 2022

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 approve a contribution to the Peterborough Public Health which is recorded on the Consolidated Statement of Operations and Accumulated Surplus. The City contributed \$1,330,450 (2021 - \$1,336,904) for the mandatory programs. The County contributed \$928,775 (2021 - \$928,833) for the mandatory programs.

Inter-entity transactions include the City garbage levy in the amount of \$2,676 (2021 - \$2,451).

The long term debt of the Board of Health is guaranteed by the City and County of Peterborough as disclosed in Note 6.

12. 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.

PETERBOROUGH PUBLIC HEALTH

Consolidated Schedule of Tangible Capital Assets For the Year Ended December 31, 2022

	Buildings \$	Dental Clinic \$	Furniture and Equipment \$	Totals \$
Cost				
Balance, beginning of year	8,664,623	682,808	801,531	10,148,962
Add: additions during the year	-	-	-	-
Balance, end of year	8,664,623	682,808	801,531	10,148,962
Accumulated Amortization				
Balance, beginning of year	1,039,756	31,838	423,069	1,494,663
Add: additions during the year	173,292	13,656	42,052	229,000
Balance, end of year	1,213,048	45,494	465,121	1,723,663
Net Book Value of Tangible Capital Assets	7,451,575	637,314	336,410	8,425,299

PETERBOROUGH PUBLIC HEALTH

Consolidated Schedule Expenses by Program For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Expenses			
Public Health Programs and Services	10,011,358	9,169,583	6,689,319
Healthy Babies/Health Children Program	928,413	826,505	673,285
Infant Toddler Development Program	242,423	195,810	240,884
Safe Sewage Disposal Program	512,675	496,207	483,029
Ontario Seniors Dental	855,600	857,541	707,084
Covid-19	5,696,916	5,566,253	9,425,785
HUB - Hub & Spoke	129,965	111,493	55,000
Compensation Funding Adjustment	73,069	73,069	53,386
Nurses Retention Initiative	295,000	204,764	-
One time expenditures - 100% funded	33,900	35,517	130,452
Early Warning Surveillance Systems	39,600	39,625	70,375
Breakfast Club and Food for Kids	46,000	58,828	41,250
Collective Kitchens	2,000	35	-
	18,866,919	17,635,230	18,569,849
Expenses recovered from 100% funded programs	(180,500)	(179,607)	(179,140)
Total Consolidated Expenses	18,686,419	17,455,623	18,390,709

PETERBOROUGH PUBLIC HEALTH

Public Health Programs and Services Schedule of Revenue and Expenses For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Revenue			
Partner Contributions			
Ontario Ministry of Health	7,112,850	7,112,850	7,059,900
City of Peterborough	1,330,450	1,330,450	1,336,094
County of Peterborough	928,080	928,775	928,833
Curve Lake First Nation	10,412	10,412	10,412
Hiawatha First Nation	3,377	3,377	3,377
Other			
Vaccine reimbursement programs	31,300	28,656	1,524
Dental fees	200,000	72,571	96,819
Ontario Health Insurance program	33,000	30,416	26,293
Recovery of administration and occupancy	180,500	179,607	179,140
Interest	47,000	54,001	7,021
Fee for service	15,000	4,318	1,825
Other	187,729	22,831	30,867
	10,079,698	9,778,264	9,682,105
Expenses			
Salaries and wages	6,147,816	5,578,683	3,359,171
Employee benefits	1,779,612	1,642,927	1,271,475
Travel	51,760	49,191	30,419
Program materials and printing	317,548	277,742	244,734
Communication and public education	109,800	260,496	340,175
Purchased program services	297,883	222,534	261,026
Administrative	266,400	233,833	274,714
Occupancy	733,902	593,492	631,976
Staff education	44,039	54,319	20,781
Board costs	33,598	27,366	25,848
Amortization	229,000	229,000	229,000
	10,011,358	9,169,583	6,689,319
Annual Surplus/(Deficit)	68,340	608,681	2,992,786

PETERBOROUGH PUBLIC HEALTH

Safe Sewage Disposal Program Schedule of Revenue and Expenses For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Revenue			
Inspection fees	402,775	353,627	367,350
Lawyer research fees	-	4,220	7,275
Clean water - mandatory re-inspection fees	97,500	78,975	78,650
- non-mandatory re-inspection fees	12,400	9,485	9,100
Interest	-	3,185	1,447
	512,675	449,492	463,822
Expenses			
Salaries and wages	318,271	299,878	290,657
Employee benefits	88,649	85,839	68,101
Travel	34,600	34,814	25,591
Equipment, materials and supplies	7,900	14,051	17,836
Purchased services	6,000	5,814	25,291
Occupancy	7,000	7,000	7,000
Allocated costs	47,755	47,390	46,928
Staff education	2,500	1,421	1,625
	512,675	496,207	483,029
Annual Surplus/(Deficit)	-	(46,715)	(19,207)
Opening Fund Balance - beginning of year	131,790	131,790	150,997
Closing Fund Balance - end of year	131,790	85,075	131,790

PETERBOROUGH PUBLIC HEALTH

Covid-19 Schedule of Revenue and Expenses For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Extraordinary Costs \$	Vaccine Program \$	School- Focused Nurses \$	Covid Testing \$	Total Actual 2022 \$	Total Actual 2021 \$
Revenue							
Ministry of Health funding	5,696,916	975,000	2,425,050	559,739	79,048	4,038,837	5,469,403
Expenses							
Personal services							
Salaries and wages	4,327,441	1,631,455	2,020,908	461,842	68,141	4,182,346	7,163,081
Employee benefits	874,875	305,471	268,302	96,791	8,862	679,426	1,105,430
Other operating							
Administration, office and accommodation	75,000	29,915	72,140	-	-	102,055	-
Purchased services	347,200	115,429	384,649	-	-	500,078	742,177
Program materials and supplies	50,900	24,210	37,270	321	84	61,885	286,541
Communications and advertising	10,000	14,636	10,819	-	-	25,455	99,775
Professional development	-	-	-	-	-	-	4,720
Travel	11,500	2,348	9,914	785	1,961	15,008	24,061
	5,696,916	2,123,464	2,804,002	559,739	79,048	5,566,253	9,425,785
Annual Surplus/(Deficit)	-	(1,148,464)	(378,952)	-	-	(1,527,416)	(3,956,382)

PETERBOROUGH PUBLIC HEALTH

Ontario Seniors Dental Schedule of Revenue and Expenses For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Revenue			
Ontario Ministry of Health	848,600	848,600	700,100
Dental fees	7,000	8,941	6,984
	855,600	857,541	707,084
Expenses			
Salaries and wages	198,174	260,109	138,130
Employee benefits	52,676	79,858	48,646
Purchased services	501,500	406,696	420,432
Materials and supplies	29,750	41,623	30,344
Occupancy	13,500	9,255	9,532
Allocated administration	60,000	60,000	60,000
	855,600	857,541	707,084
Annual Surplus/(Deficit)	-	-	-

**CONSOLIDATED
FINANCIAL STATEMENTS OF

CITY OF PETERBOROUGH
HOLDINGS INC.**

December 31, 2022

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	1 - 2
Consolidated Statement of Income and Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 - 35

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, 2022 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, 2022, 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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 13, 2023

CITY OF PETERBOROUGH HOLDINGS INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

(in thousands of dollars)

	2022	2021
	\$	\$
		(note 26)
ASSETS		
Current assets		
Cash	20,233	20,804
Restricted cash (note 4)	9,789	9,772
Accounts receivable	4,505	4,646
Unbilled revenue	323	85
Inventories (note 5)	2,724	2,457
Prepaid expenses	509	521
Income taxes receivable (note 26)	-	460
	38,083	38,745
Other assets		
Non-current receivables	489	573
Intangible assets (note 6)	2,962	3,196
Property, plant and equipment (note 7)	148,712	155,146
Right of use assets (note 9)	4,697	4,923
Deferred tax assets (note 18)	4,221	4,134
	161,081	167,972
	199,164	206,717

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, 2022
(in thousands of dollars)

	2022	2021
	\$	\$
		(note 26)
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	5,923	5,264
Current portion of long-term debt (note 12)	7,068	6,822
Current portion of lease obligations (note 9)	262	225
Income taxes payable	299	665
	13,552	12,976
Long-term liabilities		
Provisions (note 10)	945	900
Employee future liabilities (note 11)	5,697	5,699
Lease obligations (note 9)	4,994	5,188
Deferred tax liabilities (note 18)	19,241	18,809
Long-term debt (note 12)	90,361	97,430
	121,238	128,026
Shareholder's equity		
Share capital (note 13)	34,258	34,258
Accumulated other comprehensive loss (note 14)	(2,309)	(2,309)
Retained earnings (note 26)	32,425	33,766
	64,374	65,715
	199,164	206,717

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 AND COMPREHENSIVE INCOME

For the year ended December 31, 2022
(in thousands of dollars)

	2022	2021
	\$	\$
Revenue (note 15)	44,930	46,939
Expenses		
Operations and administration (note 16)	22,993	23,451
Amortization	9,753	9,757
	32,746	33,208
Income from operations	12,184	13,731
Other (income) expense		
Net finance charges (note 17)	4,401	5,190
Loss on disposal of property, plant and equipment	125	111
Integration costs	-	947
	4,526	6,248
Income before income taxes	7,658	7,483
Provision for income taxes (note 18)		
Current	1,417	724
Deferred	470	1,200
	1,887	1,924
Net income for the year	5,771	5,559
Other comprehensive income for the year	-	-
Total comprehensive income for the year	5,771	5,559

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, 2022
(in thousands of dollars)

	Share Capital \$	Retained Earnings \$	Accumulated Other Comprehensive Income (Loss) \$	Total Equity \$
Balance, January 1, 2021	37,081	36,461	(2,309)	71,233
Net income for the year	-	5,559	-	5,559
Redemption of share capital	(2,823)			(2,823)
Dividends paid (note 26)	-	(8,254)	-	(8,254)
Balance, December 31, 2021	34,258	33,766	(2,309)	65,715
Balance, January 1, 2022	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)
Balance, December 31, 2022	34,258	32,425	(2,309)	64,374

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, 2022
(in thousands of dollars)

	2022	2021
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Net income for the year	5,771	5,559
Adjustments for:		
Amortization	9,753	9,757
Deferred income tax	470	1,200
Current income tax	1,417	724
Net finance costs	4,401	5,190
Loss on disposal of property, plant and equipment	125	111
	21,937	22,541
Change in non-cash working capital items (note 20)	505	(1,094)
Taxes paid (note 26)	(1,452)	(1)
Interest received	479	212
Increase in employee future liabilities	(2)	(422)
	21,467	21,236
Investing activities		
Purchase of property, plant and equipment	(2,904)	(3,522)
Transfers from/(to) restricted cash account	(17)	(2,928)
	(2,921)	(6,450)
Financing activities		
Repayment of long-term debt	(6,823)	(6,676)
Principal portion of lease payments	(465)	(477)
Interest paid	(4,717)	(5,034)
Dividends paid (note 26)	(7,112)	(8,254)
Net proceeds receivable from City of Peterborough	-	6,193
Redemption of share capital	-	(2,823)
Cashflows used in financing activities of discontinued operations	-	(1,984)
	(19,117)	(19,055)
Net increase (decrease) in cash	(571)	(4,269)
Cash and cash equivalents - beginning of year	20,804	25,073
Cash and cash equivalents - end of year	20,233	20,804

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, 2022
(in thousands of dollars)

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, solar and landfill gas 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 30, 2023.

(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, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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 ROU assets are adjusted by the same re-measurement amount.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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.

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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 \$5,789 (2021 - \$5,772) 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 (2021 - \$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 2022 was \$427 (2021 - \$496).

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.

	2022	2021
	\$	\$
Cost, beginning of year	5,454	5,454
Disposals	-	-
Cost, end of year	5,454	5,454
Accumulated amortization, beginning of year	2,258	2,024
Disposals	-	-
Amortization	234	234
Accumulated amortization, end of year	2,492	2,258
Net book value	2,962	3,196

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings \$	Equipment and other \$	Generation \$	Work in progress \$	Total \$
Cost or deemed cost					
Balance, Jan 1, 2021	7,225	18,608	216,572	702	243,107
Additions	177	978	2,263	1,493	4,911
Transfers	-	-	-	(1,389)	(1,389)
Disposals	-	(473)	-	-	(473)
Balance, Dec 31, 2021	7,402	19,113	218,835	806	246,156
Additions	695	1,195	705	1,850	4,445
Transfers	30	-	-	(1,232)	(1,202)
Disposals	-	(375)	-	(337)	(712)
Balance, Dec 31, 2022	8,127	19,933	219,540	1,087	248,687
Accumulated depreciation					
Balance, Jan 1, 2021	3,701	13,736	64,727	-	82,164
Additions	250	902	8,055	-	9,207
Disposals	-	(361)	-	-	(361)
Balance, Dec 31, 2021	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
Net Book Value					
At Dec. 31, 2021	3,451	4,836	146,053	806	155,146
At Dec. 31, 2022	3,911	4,995	138,719	1,087	148,712

At December 31, 2022, property, plant and equipment with a carrying amount of \$143,873 (2021 - \$150,678) is pledged as security on the long-term debt (see note 12). Work in progress is comprised of \$1,087 (2021 - \$777) 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 (2021 - \$2,752).

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022 \$	2021 \$
Trade payables and accrued liabilities	3,783	3,956
Dividend payable	1,800	-
Payroll payable	119	1,017
Commodity taxes payable	211	281
Holdbacks	10	10
	5,923	5,264

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:

	2022 \$	2021 \$
Cost, beginning of year	5,867	5,833
Additions	75	34
Disposal	(58)	-
Cost, end of year	5,884	5,867
Accumulated amortization, beginning of year	944	628
Amortization	322	316
Disposal	(79)	-
Accumulated amortization, end of year	1,187	944
Net book value	4,697	4,923

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

9. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, continued

Lease liabilities

The following is the continuity of lease liabilities:

	2022	2021
	\$	\$
Balance beginning of year	5,413	5,617
Additions made during the year	75	34
Lease payments	(461)	(476)
Interest expense on lease liabilities	229	238
Balance, end of year	5,256	5,413
Current	262	225
Non-current	4,994	5,188
Total lease liabilities	5,256	5,413

The future undiscounted contractual minimum lease payments are as follows:

	\$
2023	462
2024	463
2025	463
2026	464
2027	464
Thereafter	5,123
	7,439

The company makes variable lease payments for land, and space on the roofs at the sites of generation facilities. During the year \$449 (2021 - \$557) 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, 2022
(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 \$1,877 (2021 - \$1,736) on rentals of hot water tanks.

The future minimum undiscounted operating lease payments to be received by the Company are as follows:

	\$
2023	530
2024	396
2025	260
2026	118
	1,304

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% (2021 - 5%).

	2022	2021
	\$	\$
Decommissioning provision, beginning of year	900	857
Accretion of discount	45	43
Decommissioning provision, end of year	945	900
Composition		
Peterborough Solar Projects Corporation	720	685
Peterborough Utilities Inc.	97	93
LFG Power Corporation	128	122
Total provision	945	900

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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:

	2022	2021
	\$	\$
Vested sick leave liabilities	332	380
Accrued employee benefit liabilities	5,365	5,319
Employee future liabilities	5,697	5,699

(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, 2020. A reconciliation of the obligation for these liabilities is as follows:

	2022	2021
	\$	\$
Accrued employee benefit liabilities, beginning of year	5,319	5,630
Current service cost	160	175
Interest expense	134	143
Benefits paid	(248)	(264)
Past service cost settlement gain	-	(365)
Accrued employee benefit liabilities, end of year	5,365	5,319

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

11. EMPLOYEE FUTURE LIABILITIES, continued

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligation are:

	2022 %	2021 %
Discount rate	2.60	2.60
Rate of compensation increase	2.75	2.75
Medical benefits costs escalation	4.90	4.70
Dental benefits cost escalation	5.10	4.90

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	19	(654)
1% decrease in discount rate	20	894
1% increase in health care trend rate	54	351
1% decrease in health care trend rate	(8)	(255)

(d) Pension Plan

The Company's share of contributions to the OMERS defined benefit pension plan during the year amounted to \$1,010 (2021 - \$1,254).

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

12. LONG-TERM DEBT

	Note	Maturity	Rate %	2022 \$	2021 \$
Trent Rapids Power Corporation – debenture	a)	2025	4.74	5,522	7,485
Lily Lake Solar Inc. – debenture	b)	2031	3.74	15,404	17,271
Trent Energy Inc. – secured promissory note	c)	2032	4.49	11,216	12,086
Peterborough Utilities Inc. – term loan	d)	2037	4.93	65,287	67,410
				97,429	104,252
Current portion of debt				(7,068)	(6,822)
				90,361	97,430

- (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 4.8%. 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, 2022
(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, 2022 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:

	\$
2023	7,068
2024	7,326
2025	6,641
2026	5,509
2027	5,692
Thereafter	65,193
	<u>97,429</u>

13. SHARE CAPITAL

Authorized:

Unlimited number of common shares
Unlimited number of preferred shares

Issued:

	2022 \$	2021 \$
6,349 common shares	34,258	34,258

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

The Company's accumulated other comprehensive loss is comprised of:

	2022 \$	2021 \$
Actuarial loss on accrued employee benefit liabilities, net of tax	1,151	1,151
Other comprehensive income from discontinued operations, net of tax	1,158	1,158
	<u>2,309</u>	<u>2,309</u>

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

15. REVENUE

	2022	2021
	\$	\$
Electricity generation	25,440	25,486
Professional services	14,100	15,354
Metering and technical services	1,967	1,780
Water heater rental	1,877	1,736
Building rental and other	1,546	2,583
	44,930	46,939

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	2022 Price per kWh	Inflationary escalation	Contract capacity (kW)	Expiry Date
PUI	\$0.13029	Partial	10,000	December 31, 2029
PUI	\$0.17139	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	\$0.29800	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	\$0.12530	Partial	8,000	December 30, 2049
CSEGI	\$0.08929	Full	2,000	December 31, 2029
CSEGI	\$0.07459	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, 2022
(in thousands of dollars)

16. OPERATIONS AND ADMINISTRATION EXPENSES

	2022 \$	2021 \$
Wages and benefits	14,102	16,694
Materials and other operating expenses	6,535	5,522
Administration	2,356	1,235
	22,993	23,451

17. FINANCE INCOME AND CHARGES

	2022 \$	2021 \$
Interest income on cash balances	661	205
Interest expense on bank debt	4,689	5,024
Accretion	45	43
Interest incurred on lease obligations	328	328
Finance charges	5,062	5,395
Net finance charges recognized in net income	4,401	5,190

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:

	2022 \$	2021 \$
Deferred tax asset		
Tax basis of PP&E in excess of carrying amount	930	894
Losses carried forward	79	58
Provisions	244	225
Capital lease obligations	1,295	1,354
Employee future benefits	1,575	1,511
Other temporary differences	98	92
	4,221	4,134

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

18. INCOME TAXES, continued

	2022	2021
	\$	\$
Deferred tax liability		
Other temporary differences	1,156	1,230
Carrying amount of PP&E in excess of tax basis	17,684	17,134
Carrying amount of intangibles in excess of tax basis	401	445
	19,241	18,809

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% (2021 – 26.5%) to the income for the years as follows:

	2022	2021
	\$	\$
Income for the year before income taxes	7,658	7,483
Anticipated income tax expense	2,029	1,983
Increase (decrease) in income taxes resulting from: SR&ED tax credits and other	(142)	(59)
Provision for income taxes	1,887	1,924

19. DIVIDENDS

During the year, in accordance with the shareholder direction, the Company made regularly scheduled dividends of \$5,312 (2021 - \$5,208). In addition, the Company declared an additional non-recurring discretionary dividend in the amount of \$1,800 at December 31, 2022 (2021 - \$3,046).

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

20. NET CHANGE IN NON-CASH WORKING CAPITAL

	2022	2021
	\$	\$
Accounts receivable	334	(890)
Unbilled revenue on customer accounts	(238)	21
Inventories	(267)	(445)
Prepaid expenses	12	39
Accounts payable and accrued liabilities	664	181
	505	(1,094)

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:

	2022	2021
	\$	\$
Professional Services	12,654	12,347
Building and vehicle rentals	673	700
Software and equipment rents	184	170
	13,511	13,217

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 \$1,137 (2021 - \$1,391).

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, 2022
(in thousands of dollars)

22. CAPITAL DISCLOSURES, continued

The Company's current capital structure is defined as follows:

	2022 \$	2021 \$
Long-term bank debt	97,429	104,252
Share capital	34,258	34,258
Accumulated other comprehensive loss	(2,309)	(2,309)
Retained earnings	32,425	33,766
Equity	64,374	65,715

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:

	2022 Carrying value \$	2022 Fair value \$	2021 Carrying value \$	2021 Fair value \$
Long-term debt	97,429	99,353	104,252	110,821

CITY OF PETERBOROUGH HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(in thousands of dollars)

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 \$30 (2021 - \$3).

Pursuant to their respective terms, accounts receivable are aged as follows at December 31:

	2022 \$	2022 %	2021 \$	2021 %
Less than 30 days	4,255	93	3,918	84
30-60 days	114	3	157	3
61-90 days	32	1	84	2
Greater than 91 days	134	3	490	11
Total outstanding	4,535	100	4,649	100
Less: allowance for doubtful accounts	(30)	-	(3)	-
	4,505	100	4,646	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, 2022
(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.

2022	Undiscounted cash flows (principal and interest)					
	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

2021	Undiscounted cash flows (principal and interest)					
	Carrying amount \$	Under 1 year \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Total \$
Long-term debt	104,252	11,594	11,524	30,931	93,006	147,055
Accounts payable and accruals	5,264	5,264	-	-	-	5,264
	109,516	16,858	11,524	30,931	93,006	152,319

(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, 2022
(in thousands of dollars)

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 31st 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. COMPARATIVE AMOUNTS

Certain of the prior year's figures have been amended to record an additional cash receipt and subsequent Shareholder distribution that occurred prior to December 31, 2021, and was not recorded in the prior year financials. The impacted accounts include income taxes receivable, which was reduced by \$555, dividends paid which was increased by \$555 and closing retained earnings which was reduced by \$555. The changes do no affect prior year earnings.

PETERBOROUGH UTILITIES COMMISSION
FINANCIAL STATEMENTS
AT DECEMBER 31, 2022

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Cash Flows	3
Statement of Changes in Net Financial Assets	4
Notes to Financial Statements	5 to 12

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, 2022 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, 2022, 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.

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.

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.

Chartered Professional Accountants
Licensed Public Accountants



Peterborough, Ontario
April 20, 2023

PETERBOROUGH UTILITIES COMMISSION
STATEMENT OF FINANCIAL POSITION
At December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash (Note 3)	26,535,573	26,924,795
Accounts receivable		
Customer accounts	1,170,531	897,300
Sewer surcharge	1,318,861	1,304,193
Sundry	768,759	369,995
Unbilled water revenue on customer accounts	1,708,280	1,579,000
Unbilled sewer surcharge	1,708,280	1,596,000
	33,210,284	32,671,283
LIABILITIES		
Accounts payable and accrued charges	5,130,242	5,616,203
Sewer surcharge payable (Note 5)	3,726,876	3,650,094
Long term debt (Note 4)	12,115,977	13,173,275
Customer deposits	409,910	430,688
	21,383,005	22,870,260
NET FINANCIAL ASSETS	11,827,279	9,801,023
NON-FINANCIAL ASSETS		
Inventories	792,049	609,003
Tangible capital assets (Note 6)	121,612,018	120,538,685
	122,404,067	121,147,688
ACCUMULATED SURPLUS (Note 7)	134,231,346	130,948,711

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Sale of water	18,780,000	18,729,962	18,559,285
Contributed capital installation charges	300,000	522,022	118,054
Development charges earned	667,000	596,951	831,010
Fire protection	650,000	650,000	650,000
Sewer surcharge billings	439,000	439,000	430,000
Riverview Park and Zoo (Note 11)	301,000	312,822	78,383
Interest	160,000	620,939	153,894
Other	325,000	321,136	449,686
Electricity	350,000	280,452	300,110
Donations	25,000	139,411	51,877
	21,997,000	22,612,695	21,622,299
EXPENSES			
Water treatment and storage	4,782,000	4,357,134	4,133,072
Water distribution	2,394,000	2,213,994	2,418,859
Riverview Park and Zoo (Note 11)	1,851,000	2,041,057	1,745,718
Administration	4,169,000	4,272,235	4,145,871
Amortization	6,380,000	6,099,524	6,103,414
Interest	370,000	346,116	353,226
	19,946,000	19,330,060	18,900,160
ANNUAL SURPLUS	2,051,000	3,282,635	2,722,139
OPENING ACCUMULATED SURPLUS	130,561,000	130,948,711	128,226,572
CLOSING ACCUMULATED SURPLUS	132,612,000	134,231,346	130,948,711

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

PETERBOROUGH UTILITIES COMMISSION

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2022

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN):		
OPERATIONS		
Annual surplus	3,282,635	2,722,139
Add: Non-cash charges to operations		
Amortization	6,099,524	6,103,414
Contributed capital installation charges	(522,022)	(118,054)
	8,860,137	8,707,499
Change in non-cash working capital items (Note 8)	(1,541,226)	2,881,204
	7,319,911	11,588,703
INVESTING ACTIVITY		
Purchase of tangible capital assets	(6,650,835)	(7,115,178)
FINANCING ACTIVITIES		
Repayment of long term debt	(1,057,298)	(1,043,095)
NET CHANGE IN CASH DURING THE YEAR	(389,222)	3,430,430
CASH POSITION - BEGINNING OF YEAR	26,924,795	23,494,365
CASH POSITION - END OF YEAR	26,535,573	26,924,795

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Annual Surplus	2,051,000	3,282,635	2,722,139
Acquisition of Tangible Capital Assets	(9,603,000)	(7,172,857)	(7,233,232)
Amortization of Tangible Capital Assets	6,380,000	6,099,524	6,103,414
Decrease in Inventories	-	(183,046)	(81,464)
Change In Net Financial Assets	(1,172,000)	2,026,256	1,510,857
Net Financial Assets, beginning of year	7,318,000	9,801,023	8,290,166
Net Financial Assets, end of year	6,146,000	11,827,279	9,801,023

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, 2022

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.

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 accounts, and amortization rates and carrying values of property, plant and equipment. 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.

PETERBOROUGH UTILITIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(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) Development Charges Act Reserve Fund

The Peterborough Utilities Commission is authorized under the City of Peterborough by-law to establish a reserve fund for development charges. The purpose of the fund is to cover growth related net capital costs incurred by the Water Utility for water treatment, storage, and distribution systems.

(iii) 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.

(iv) 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.

(v) 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.

PETERBOROUGH UTILITIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(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.

3. CASH

	2022 \$	2021 \$
Unrestricted cash	18,085,308	15,713,115
Restricted cash	8,450,265	11,211,680
	26,535,573	26,924,795

4. 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:

Date of Maturity/Payment Terms	Interest Rate %	2022 \$	2021 \$
July 5, 2027, semi-annual blended payments of \$274,120	3.18	2,515,977	2,973,275
November 6, 2036, semi-annual principal payments of \$150,000 plus interest	2.79	4,200,000	4,500,000
December 15, 2040, semi-annual principal payments of \$150,000 plus interest	2.04	5,400,000	5,700,000
		12,115,977	13,173,275

PETERBOROUGH UTILITIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2022

4. LONG TERM DEBT- (Continued)

Future repayments for the long term debt are as follows:

	Principal \$	Interest \$	Total \$
2023	1,071,955	299,982	1,371,937
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	1,135,436	178,540	1,313,976
Thereafter	6,600,000	895,452	7,495,452
	12,115,977	2,094,842	14,210,819

5. 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 to Peterborough Utilities Commission during the year by Peterborough Utilities Services Inc. are as follows:

	2022 \$	2021 \$
Expenditures		
Professional services	9,262,355	9,188,882
Building rent	394,678	370,405
Software and equipment rent	183,788	171,739
	9,840,821	9,731,026

Billing and collecting for the sewer surcharge is done by the Commission for the City of Peterborough. During the year \$439,000 (2021 - \$430,000) was recognized as revenue for providing this service. At December 31, the sewer surcharge payable of \$3,726,876 (2021 - \$3,650,094) 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, 2022

6. **TANGIBLE CAPITAL ASSETS**

	Water Treatment Plant and Reservoirs \$	Water Distribution System \$	Riverview Park and Zoo \$	Other \$	Construction In Progress \$	Total \$
Cost Or Deemed Cost						
Balance at January 1, 2021	51,309,902	183,134,238	11,486,171	17,403	2,827,047	248,774,761
Additions	228,071	5,861,957	292,217	-	851,987	7,233,232
Balance At December 31, 2021	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
Accumulated Amortization						
Balance at January 1, 2021	27,149,495	96,852,799	5,346,341	17,259	-	129,365,894
Amortization for the year	1,101,238	4,687,872	314,297	7	-	6,103,414
Balance At December 31, 2021	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
Net Book Value						
At December 31, 2021	23,287,240	87,454,524	6,117,750	137	2,679,034	120,538,685
At December 31, 2022	22,811,167	86,456,917	5,982,465	130	6,361,339	121,612,018

PETERBOROUGH UTILITIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2022

7. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Operating surplus	16,285,040	12,371,621
Investment in tangible capital assets		
Tangible capital assets - net book value	121,612,018	120,538,685
Long term debt	(12,115,977)	(13,173,275)
Reserve funds (Note 10)	8,450,265	11,211,680
	134,231,346	130,948,711

8. CHANGE IN NON-CASH WORKING CAPITAL ITEMS AND OTHER INFORMATION

	2022 \$	2021 \$
Accounts receivable	(686,663)	(134,277)
Unbilled revenue and sewer surcharge	(241,560)	-
Inventories	(183,046)	(81,464)
Accounts payable and sewer surcharge payable	(409,179)	3,469,480
Customer deposits	(20,778)	(372,535)
	(1,541,226)	2,881,204
Other information:		
Interest paid	329,129	357,822

9. BUDGET FIGURES

The budget, approved by the Commission, for 2022 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.

PETERBOROUGH UTILITIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2022

10. RESERVE FUNDS

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
TRANSFERS FROM OPERATIONS:			
Sale of water	783,000	775,028	773,303
Development charges	667,000	596,951	831,010
Interest	77,000	332,592	74,211
Donations	25,000	139,411	51,877
	1,552,000	1,843,982	1,730,401
TRANSFERS			
For tangible capital assets	(4,667,000)	(4,605,397)	(832,579)
CHANGE IN RESERVE FUNDS	(3,115,000)	(2,761,415)	897,822
OPENING RESERVE FUNDS	11,207,000	11,211,680	10,313,858
CLOSING RESERVE FUNDS	8,092,000	8,450,265	11,211,680
ANALYZED AS FOLLOWS:			
INTERNALLY RESTRICTED			
Water treatment plant reserve fund		7,013,962	9,953,856
Park and zoo state of good repair reserve fund		107,348	104,394
		7,121,310	10,057,165
EXTERNALLY RESTRICTED			
Park and Zoo major projects reserve fund		821,140	660,697
Park and Zoo major animal care reserve fund		507,815	493,838
		1,328,955	1,154,515
		8,450,265	11,211,680

PETERBOROUGH UTILITIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2022

11. OPERATIONS FOR RIVERVIEW PARK AND ZOO

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
EXPENSES			
Maintenance park	697,000	652,768	474,436
Maintenance train	101,000	97,154	2,858
Animal care and zoo maintenance	1,053,000	1,291,135	1,268,424
	1,851,000	2,041,057	1,745,718
REVENUES			
Train	130,000	133,094	-
Miscellaneous	171,000	179,728	78,383
	301,000	312,822	78,383
NET EXPENSES FOR THE YEAR	1,550,000	1,728,235	1,667,335

THE ART GALLERY OF PETERBOROUGH

FINANCIAL STATEMENTS

DECEMBER 31, 2022

THE ART GALLERY OF PETERBOROUGH

FINANCIAL STATEMENTS

DECEMBER 31, 2022

TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 12

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, 2022, 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, 2022, 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 and we were not able to determine whether any adjustments might be necessary to the revenues, annual surplus, assets and accumulated surplus.

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.

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 15, 2023

THE ART GALLERY OF PETERBOROUGH

STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022 \$	2021 \$(Restated - note 2)
FINANCIAL ASSETS		
Cash	100	100
Due from City of Peterborough (note 14)	517,728	366,947
Accounts receivable	112,290	107,506
Gallery shop and publication inventory	25,580	24,288
TOTAL FINANCIAL ASSETS	655,698	498,841
LIABILITIES		
Accounts payable and accrued liabilities	136,522	54,628
Deferred revenue (note 5)	198,096	146,753
TOTAL LIABILITIES	334,618	201,381
NET FINANCIAL ASSETS	321,080	297,460
NON-FINANCIAL ASSETS		
Prepaid expenses	8,894	7,688
ACCUMULATED SURPLUS (note 6)	329,974	305,148

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, 2022

	Budget 2022 \$	Actual 2022 \$	Actual 2021 \$ (Restated - note 2)
	(Unaudited)		
REVENUES			
Grants			
City of Peterborough - operating and capital (note 14)	627,076	577,523	587,432
Ontario Arts Council (OAC)	60,504	60,504	60,504
OAC -Whiten Project	-	5,000	3,250
OAC - Recovery Fund	-	22,367	33,704
Canada Council for the Arts	82,000	82,000	82,000
Canada Council for the Arts- Reopening Supplement	-	16,400	-
Canadian Heritage - Reopening Fund	17,711	23,423	-
Canadian Heritage - Project Workers	14,000	12,946	17,564
Private Support			
Membership fees	4,500	5,259	3,808
Workshop fees	27,000	12,801	2,658
Fundraising	40,000	19,563	29,005
Donations and sponsorships (note 7)	40,000	52,298	20,652
Donated artwork and acquisitions	-	43,612	201,756
Other Revenue			
Interest income	2,000	11,491	1,853
Ontario Arts Foundation Endowment interest	6,000	6,861	7,348
Miscellaneous (note 8)	23,500	22,798	8,154
Gallery shop and catalogue sales	52,000	47,197	18,175
TOTAL REVENUES	996,291	1,022,043	1,077,863
EXPENSES			
Operating (note 11)	799,341	787,845	744,817
Program (note 10)	141,250	129,504	34,012
Art acquisitions	-	25,500	170,800
Donated art for fundraising	-	18,112	30,956
OAC - Recovery Fund	-	22,367	3,811
OAC - Whiten Project	-	5,000	3,250
Capital project	-	3,177	300
Canadian Heritage - Reopening Fund	-	5,712	-
TOTAL EXPENSES	940,591	997,217	987,946
ANNUAL SURPLUS	55,700	24,826	89,917
ACCUMULATED SURPLUS - beginning of year		305,148	215,231
ACCUMULATED SURPLUS - end of year		329,974	305,148

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$ (Restated - note 2)
ANNUAL SURPLUS	55,700	24,826	89,917
Change in prepaid expenses	-	(1,206)	4,305
INCREASE IN NET FINANCIAL ASSETS	55,700	23,620	94,222
NET FINANCIAL ASSETS - beginning of year	297,460	297,460	203,238
NET FINANCIAL ASSETS - end of year	353,160	321,080	297,460

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, 2022

	2022 \$	2021 \$ (Restated - note 2)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	24,826	89,917
Change in non-cash assets and liabilities		
Due from City of Peterborough	(150,781)	(99,034)
Accounts receivable	(4,784)	(83,141)
Gallery shop and publication inventory	(1,292)	6,094
Prepaid expenses	(1,206)	4,305
Accounts payable and accrued liabilities	81,894	(9,870)
Deferred revenue	51,343	66,950
NET CHANGE IN CASH	-	(24,779)
CASH - beginning of year	100	24,879
CASH - end of year	100	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, 2022

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 2053 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. PRIOR PERIOD ADJUSTMENT

The Art Gallery has restated its 2021 financial statements to address deferred Ontario Arts Council (OAC) grant funds previously recognized as revenue. Going forward, this aligns OAC grants received with the appropriate fiscal year. Adjustments necessary to the 2021 financial information as a result of the prior period adjustments are as follows:

Adjustment to 2021 Deferred Revenue

Deferred revenue previously reported at December 31, 2021	\$ 102,625
Grants received in 2021 previously reported as revenue	<u>44,128</u>
Closing 2021 deferred revenue	<u>\$ 146,753</u>

Adjustment to 2021 Revenue

Total revenue as previously reported	1,075,499
Add: revenue not previously reported	<u>2,364</u>
2021 total revenue as restated	<u>\$ 1,077,863</u>

Adjustment to 2021 Opening Accumulated Surplus

2021 opening accumulated surplus as previously reported	\$ 261,723
Less: Deferred revenue not previously reported	<u>(46,492)</u>
2021 opening accumulated surplus as restated	<u>\$ 215,231</u>

3. 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:

THE ART GALLERY OF PETERBOROUGH

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(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

Contributions, including private support and other income, are recognized as revenue when received if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

(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.

THE ART GALLERY OF PETERBOROUGH

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

(i) 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.

4. 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, 2022

5. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	2022	2021 (Restated - note 2)
	\$	\$
Canada Council for the Arts	19,250	19,250
Ontario Arts Council (OAC)	-	60,504
Gift Certificates	50	50
Canada Council for the Arts - Reopening Supplement	-	16,400
OAC - Recovery Fund	4,433	26,799
OAC - Whiten Project	18,750	23,750
Canadian Heritage - Reopening Fund	155,613	-
	198,096	146,753

The continuity of deferred revenue is as follows:

	2022	2021 (Restated - note 2)
	\$	\$
Balance - beginning of year	146,753	79,804
Add amounts received:		
Canada Council for the Arts	82,000	82,000
Ontario Arts Council (OAC)	-	60,504
Canada Council for the Arts - Reopening Supplement	-	16,400
OAC - Recovery Fund	-	60,504
OAC - Whiten Project	-	27,000
Canadian Heritage - Reopening Fund	179,037	-
	261,037	246,408
Less transfer to operations:		
Canada Council for the Arts	82,000	82,000
Ontario Arts Council (OAC)	60,504	60,504
OAC - Recovery Fund	22,367	33,705
OAC - Whiten Project	5,000	3,250
Canadian Heritage - Reopening Fund	23,423	-
Canada Council for the Arts - Reopening Supplement	16,400	-
	209,694	179,459
Balance - end of year	198,096	146,753

THE ART GALLERY OF PETERBOROUGH

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021 (Restated - note 2)
	\$	\$
Art Acquisition Fund	60,707	34,127
Endowment Fund	101,164	101,164
Unexpended capital	82,265	90,630
Program Reserve	85,838	123,355
Operating deficit	-	(44,128)
	329,974	305,148

	Art Acquisition Fund \$	Endowment Fund \$	Unexpended capital \$	Program Reserve \$	2022 Total \$	2021 Total \$
BALANCE - beginning of year	34,127	101,164	90,630	123,355	349,276	261,723
Annual Surplus/ (Deficit)	26,580	-	(8,365)	(37,517)	(19,302)	87,553
BALANCE - end of year	60,707	101,164	82,265	85,838	329,974	349,276

7. DONATIONS AND SPONSORSHIP REVENUE

Donation revenue recognized in the Statement of Operations and Accumulated Surplus includes the following:

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Individual donations	5,000	3,308	5,784
Lobby donation box	2,000	5,165	2,243
Sponsorships	33,000	17,245	12,625
Donation to Acquisition Fund	-	26,580	-
	40,000	52,298	20,652

THE ART GALLERY OF PETERBOROUGH

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

8. MISCELLANEOUS REVENUES

Miscellaneous revenues recognized in the Statement of Operations and Accumulated Surplus includes the following:

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Kawartha Autumn Studio tour	8,500	7,388	8,154
Touring exhibit	15,000	15,410	-
	23,500	22,798	8,154

9. 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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 Art Gallery's required contributions to OMERS in 2022 were \$33,530 (2021 - \$33,803).

10. PROGRAM EXPENSES

	Budget 2022 (Unaudited) \$	Actual 2022 \$	Actual 2021 \$
Artists' fees	47,000	41,188	14,987
Cartage	10,200	9,178	1,822
Advertising and publicity	16,000	10,191	188
Framing, matting and installing	13,000	14,127	4,395
Travel and accommodation	3,000	6,290	472
Publications	20,500	33,102	5,051
Materials for workshops	5,000	2,777	1,264
Instructors' fees	17,500	2,399	2,200
Kawartha Autumn Studio tour	4,500	7,560	3,633
Public event	4,550	-	-
Travel	-	2,692	-
	141,250	129,504	34,012

THE ART GALLERY OF PETERBOROUGH

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

11. OPERATING EXPENSES

	Budget 2022 (Unaudited) \$	Actual 2022 \$	Actual 2021 \$
Staff Salaries and Benefits			
Salaries and wages	432,328	433,373	414,976
Benefits	105,914	106,531	104,345
	538,242	539,904	519,321
Buildings Operations and Maintenance			
Utilities	31,782	31,297	31,778
Insurance	10,583	10,386	15,557
Repairs and maintenance	29,495	42,597	35,182
Maintenance and custodial services	26,391	28,928	25,871
Off site storage	15,000	16,445	16,822
Preparatory-exhibition	14,000	16,103	14,488
	127,251	145,756	139,698
Office			
Office supplies	10,500	10,176	7,712
Postage and courier	5,745	3,337	4,008
Telephone	3,000	5,354	3,194
Volunteer	2,000	221	1,846
Digital subscriptions	-	4,015	-
	21,245	23,103	16,760
Administration			
Bank charges	3,000	2,360	1,747
Memberships	6,500	2,984	3,532
Professional fees	6,200	5,444	5,938
General publicity	15,000	13,439	4,307
Fundraising	25,000	5,314	11,056
Openings	3,000	1,738	-
Staff travel and training	7,500	2,261	4,238
	66,200	33,540	30,818
Government Funded Projects			
Project Workers	17,000	18,284	21,216

THE ART GALLERY OF PETERBOROUGH

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

11. OPERATING EXPENSES, continued

	Budget 2022 \$	Actual 2022 \$	Actual 2021 \$
Gallery Shop			
Shop purchases and consignment payments	27,403	25,392	15,425
Administrative	2,000	1,866	1,579
	29,403	27,258	17,004
	799,341	787,845	744,817

12. 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.

13. BUDGET FIGURES

The budget, approved by the Board of Directors of the Art Gallery, for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated 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.

14. 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.