

**CORPORATION OF THE  
COUNTY OF PETERBOROUGH**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**CORPORATION OF THE  
COUNTY OF PETERBOROUGH**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

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## CORPORATION OF THE COUNTY OF PETERBOROUGH

For The Year Ended December 31, 2016

### MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the County 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 County 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 County's assets are appropriately accounted for and adequately safeguarded.

The County'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 County's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the County 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 Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the County. Collins Barrow Kawarthas LLP has full and free access to Council.

Warden

Joe Taylor  
Joe Taylor

Date

May 17/17

Treasurer

Trena DeBruijn  
Trena DeBruijn

Date

May 17/17

## **INDEPENDENT AUDITOR'S REPORT**

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

#### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the County of Peterborough, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the County of Peterborough as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
May 29, 2017

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2016

	2016	2015
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	25,571,270	28,257,132
Investments (note 2)	12,319,227	11,312,539
Accounts receivable	3,304,788	1,796,439
Long-term debt assumed by Fairhaven (note 5)	2,460,235	2,952,530
<b>TOTAL FINANCIAL ASSETS</b>	<b>43,655,520</b>	<b>44,318,640</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	8,130,714	6,699,554
Deferred revenue - obligatory reserve funds (note 4)	2,741,870	1,868,114
Deferred revenue - other	245,031	68,163
Long term debt (note 5)	6,359,310	7,108,699
Landfill closure and post-closure liability (note 6)	4,848,747	4,700,586
Employee future benefits payable (note 8)	578,884	573,939
<b>TOTAL LIABILITIES</b>	<b>22,904,556</b>	<b>21,019,055</b>
<b>NET FINANCIAL ASSETS</b>	<b>20,750,964</b>	<b>23,299,585</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 10)	111,345,860	109,185,843
Prepaid expenses	1,136,458	1,332,149
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>112,482,318</b>	<b>110,517,992</b>
<b>ACCUMULATED SURPLUS (note 11)</b>	<b>133,233,282</b>	<b>133,817,577</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
<b>REVENUES</b>			
Property taxation	38,304,675	38,373,046	36,478,090
User charges	2,955,040	2,934,053	2,842,229
Government of Canada	-	13,900	21,914
Province of Ontario	8,399,404	8,613,087	8,387,438
Other municipalities	5,307,677	5,772,433	5,295,964
Investment income	895,554	861,198	531,566
Donations	14,500	18,715	-
Provincial Offences Act charges recovered	695,271	510,539	788,307
Federal gas tax earned	1,588,784	1,588,784	1,247,234
Provincial gas tax earned	42,600	42,600	63,378
Development charges earned	681,673	671,673	681,579
<b>TOTAL REVENUES</b>	<b>58,885,178</b>	<b>59,400,028</b>	<b>56,337,699</b>
<b>EXPENSES</b>			
General government	5,789,955	6,051,316	5,369,919
Protection services	319,151	258,652	227,109
Transportation services	16,866,030	17,707,513	15,649,354
Environmental services	5,596,165	4,869,862	5,079,881
Health services	16,053,591	19,581,725	15,604,519
Social and family services	2,849,161	2,723,596	2,640,148
Social housing	5,656,427	5,724,023	5,548,536
Recreation and cultural services	1,067,459	1,098,698	1,175,221
Planning and development	2,108,010	1,968,938	1,976,478
<b>TOTAL EXPENSES</b>	<b>56,305,949</b>	<b>59,984,323</b>	<b>53,271,165</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>2,579,229</u></b>	<b>(584,295)</b>	<b>3,066,534</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>133,817,577</b>	<b>130,751,043</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>133,233,282</b>	<b>133,817,577</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	2,579,229	(584,295)	3,066,534
Amortization of tangible capital assets	7,415,210	7,105,741	7,466,423
Purchase of tangible capital assets	(7,555,457)	(9,418,197)	(8,413,592)
Loss/(gain) on disposal of tangible capital assets	-	91,041	78,617
Proceeds on sale of tangible capital assets	15,000	61,398	18,029
Change in prepaid expenses	-	195,691	(589,697)
<b>CHANGE IN NET FINANCIAL ASSETS</b>	2,453,982	(2,548,621)	1,626,314
<b>NET FINANCIAL ASSETS - beginning of year</b>	23,299,585	23,299,585	21,673,271
<b>NET FINANCIAL ASSETS - end of year</b>	25,753,567	20,750,964	23,299,585

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

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2016

	2016	2015
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	(584,295)	3,066,534
Items not involving cash		
Amortization of tangible capital assets	7,105,741	7,466,423
Loss on disposal of tangible capital assets	91,041	78,617
Change in landfill closure and post-closure liability	148,161	74,378
Change in employee future benefits payable	4,945	(593)
Change in non-cash assets and liabilities		
Accounts receivable	(1,508,349)	(102,108)
Prepaid expenses	195,691	(589,697)
Accounts payable and accrued liabilities	1,431,160	(71,904)
Deferred revenue - obligatory reserve funds	873,756	572,448
Deferred revenue - other	176,868	18,222
<b>Net change in cash from operating activities</b>	<b>7,934,719</b>	<b>10,512,320</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(9,418,197)	(8,413,592)
Proceeds on disposal of tangible capital assets	61,398	18,029
<b>Net change in cash from capital activities</b>	<b>(9,356,799)</b>	<b>(8,395,563)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(10,170,874)	(1,455,477)
Change in long-term debt assumed by Fairhaven	492,295	463,937
Proceeds on disposal of investments	9,164,186	-
<b>Net change in cash from investing activities</b>	<b>(514,393)</b>	<b>(991,540)</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(749,389)	(708,167)
<b>NET CHANGE IN CASH</b>	<b>(2,685,862)</b>	<b>417,050</b>
<b>CASH - beginning of year</b>	<b>28,257,132</b>	<b>27,840,082</b>
<b>CASH - end of year</b>	<b>25,571,270</b>	<b>28,257,132</b>

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



# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

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

### 1. 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 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 County and which are owned and controlled by the County. These financial statements include:

- Peterborough County-City Waste Management Facility - 50% (2015 - 50%)

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

(b) Trust funds

Trust funds and their related operations administered by the County 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.

(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. 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 years
Buildings	50 years
Machinery and equipment	5-15 years
Roads and bridges	7-50 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.

Works of art and historical treasures are not included in tangible capital assets.

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

The County establishes the tax rates annually based on the amount required to be raised. These tax rates are used to levy amounts to the lower tier Municipalities are based on their annual assessment. Adjustments to the lower tier levy amounts for additions to and reductions in assessment are reported in the financial statements when amounts can be reasonably determined.

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.

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

Fines levied under the Provincial Offenses Act 1997 are recognized when the funds are received.

#### (e) Non-financial assets

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

#### (f) Reserves

Certain amounts, as approved by Council, 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.

#### (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 County'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 County's significant estimates include:

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
- 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 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.

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (h) 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.

### 2. INVESTMENTS

	2016	2015
	\$	\$
Bank of Montreal bond maturing July 8, 2016, face value \$3,343,537, bearing interest at 3.979% per annum	-	2,999,999
Bank of Nova Scotia bond maturing October 18, 2019, face value 1,792,681, bearing interest at 3.036% per annum (market value \$1,701,283 at December 31, 2016)	1,684,690	-
Guaranteed investment certificates, maturity dates from May 1, 2017 to July 8, 2021, interest rates ranging from 1.150% to 1.980% per annum.	8,934,537	1,000,000
Loan receivable from The Mount Community Centre, due April 15, 2017, bearing interest at 2.5% due at maturity	1,700,000	1,148,353
CIBC Wood Gundy high interest savings accounts	-	6,164,187
	<u>12,319,227</u>	<u>11,312,539</u>

### 3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

The Consolidated Statement of Operations and Accumulated Surplus includes only the contributions made by the County to the following local boards:

	2016	2015
	\$	\$
Peterborough Public Health	841,241	980,366
Fairhaven	1,008,441	803,156
Peterborough Economic Development	700,186	712,143
	<u>2,549,868</u>	<u>2,495,665</u>

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

### 4. 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 County are summarized below:

	2016	2015
	\$	\$
Development charges	1,791,493	1,000,867
Federal gas tax	894,880	812,303
Provincial gas tax	33,686	33,344
Provincial transit ridership	21,811	21,600
	<u>2,741,870</u>	<u>1,868,114</u>

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

	2016	2015
	\$	\$
Balance - beginning of year	1,868,114	1,295,666
Add amounts received:		
Development charges	1,451,848	903,332
Federal gas tax	1,668,223	1,588,784
Provincial gas tax	42,511	58,373
Interest	14,231	14,150
	<u>3,176,813</u>	<u>2,564,639</u>
Less transfer to operations:		
Development charges earned	671,673	681,579
Federal gas tax earned	1,588,784	1,247,234
Provincial gas tax earned	42,600	63,378
	<u>2,303,057</u>	<u>1,992,191</u>
Balance - end of year	<u>2,741,870</u>	<u>1,868,114</u>

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

### 5. LONG TERM DEBT

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

	2016	2015
	\$	\$
Long term debt to finance the Fairhaven facility requiring quarterly payments of principal and interest totalling \$165,323 until March 28, 2021. The debt bears interest at 6.084% per annum.	2,460,235	2,952,530
Long term debt to finance 310 Armour Road - EMS base requiring bi-annual payments of principal and interest totalling \$234,958 until November 1, 2027. The debt bears interest at 5.20% per annum.	3,899,075	4,156,169
	<b>6,359,310</b>	<b>7,108,699</b>

- (b) The long term debt in (a) issued in the name of the County 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.
- (c) Interest paid during the year on long term debt amounted to \$381,819 (2015 - \$423,041).
- (d) A portion of long-term debt reported in (a) is recoverable from Fairhaven with quarterly payments of \$165,323 (\$661,292 annually).
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2017	794,088	337,120	1,131,208
2018	840,923	290,285	1,131,208
2019	890,539	240,670	1,131,209
2020	942,959	188,249	1,131,208
2021	495,183	140,031	635,214
	3,963,692	1,196,355	5,160,047
2022 to 2026	1,943,412	406,169	2,349,581
2027 and subsequent years	452,206	17,711	469,917
	<b>6,359,310</b>	<b>1,620,235</b>	<b>7,979,545</b>

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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### 6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$4,848,747 (2015 - \$4,700,586) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the Peterborough County-City Waste Management Facility. The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees after the site is closed. The County has a landfill reserve of \$1,722,640 (2015 - \$1,722,640) and the remaining landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for settling this liability.

The net present value of estimated closure and post-closure costs as at December 31, 2016 is \$12,021,080 (2015 - \$11,839,290). The estimated total expenses represent the sum of the discounted future cash flows using an inflation factor of 2.25% (2015 - 2.25%), discounted at a rate of 5% (2015 - 5%). As the ownership of the facility is shared equally between the County and the 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 the existing site capacity of the South Fill Area at December 31 is 100% (2015 - 100%) and at the North Fill Area is 35% (2015 - 29%).

The site referred to as the North Fill Area received waste for the first time during 2010. The site referred to as the South Fill Area reached its capacity in 2012 at which time the North Fill Area began to receive the balance of the waste and will continue for the next 15 years.

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

### 7. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2016 Annual Report disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets of \$81,834 million indicating an actuarial deficit of \$5,720 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 County does not recognize any share of the OMERS pension surplus or deficit.

The County's required contributions to OMERS in 2016 were \$1,283,354 (2015 - \$1,369,833).

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

### 8. EMPLOYEE FUTURE BENEFITS PAYABLE

The County provides certain employee benefits which will require payments in future periods. The County provides defined benefit plans to pay costs of certain health and other insurance benefits for eligible employees after they retire. The plans are fully funded by a reserve of \$591,532 (2015 - \$591,532). There are no specific assets designated for settling this liability.

	2016	2015
	\$	\$
Accrued benefit obligation	479,003	470,832
Unamortized actuarial gain	99,881	103,107
<b>Employee future benefits payable</b>	<b>578,884</b>	<b>573,939</b>

The actuarial valuation as at December 31, 2014 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. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Expected inflation rate	2.0%
Future health care premiums - first year 2014	5.67%
- decrease over 6 years to	4.0%
Future dental premiums rates	4.0%
Future travel benefits	4.0%
Interest rate	4.75%

The post-employment benefit is reported as an expense on the Consolidated Statement of Operations and Accumulated Surplus. Composition of the liability is as follows:

	2016	2015
	\$	\$
Employee future benefits payable at January 1	573,939	574,532
Current year benefit cost	24,329	22,770
Interest on post-employment benefit liability	22,035	21,784
Amortized actuarial gain	(3,226)	(3,226)
Less: benefit payments	(38,193)	(41,921)
<b>Liability at December 31</b>	<b>578,884</b>	<b>573,939</b>

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

### 9. PARTNERSHIP WITH THE CITY OF PETERBOROUGH

Certain services are provided by joint local boards in partnership with the City 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. The operations of the Peterborough County-City Waste Management Facility are included in the financial statements based on the share of net operating expenditures contributed by the County during the fiscal period being reported.

The following provides a brief description of the nature and purpose of the consolidated entity and its condensed financial information.

#### 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 receives 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 costs related to the development, management, closure, post-closure care and monitoring of the Facility are shared equally by both municipalities.

Included in the Consolidated Statement of Financial Position is an amount payable to the City of Peterborough of \$148,775 (2015 - \$1,165,717).

	2016		2015	
	Total	County	Total	County
	\$	Portion	\$	Portion
		\$		\$
<b>Operations</b>				
Revenues	2,491,454	1,245,727	2,513,672	1,256,836
Expenditures	3,380,498	1,690,249	3,391,504	1,695,752
Net (loss) from operations	(889,044)	(444,522)	(877,832)	(438,916)

During 2016, the Peterborough County-City Waste Management Facility incurred capital expenditures of \$184,914 (2015 - \$3,861,704). The County's portion of the capital expenditures was \$92,457 (2015 - \$1,930,852).



# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

### 10. TANGIBLE CAPITAL ASSETS

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

	2016	2015
	\$	\$
General		
Land	4,795,985	4,736,511
Land improvements	2,581,157	751,397
Buildings	6,383,748	6,633,703
Machinery and equipment	5,904,261	5,861,146
Infrastructure		
Roads and bridges	86,919,429	88,039,073
	106,584,580	106,021,830
Assets under construction	4,761,280	3,164,013
	111,345,860	109,185,843

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

During the year there were write-downs of assets for \$54,950 (2015 - \$80,071) and interest capitalized of \$Nil (2015 - \$Nil).

	2016	2015
	\$	\$
General government	1,654,681	1,549,300
Protection services	57,613	59,015
Transportation services	96,114,860	94,060,959
Environmental services	6,106,566	6,214,451
Health services	6,177,769	6,330,034
Recreation and cultural services	1,098,657	832,164
Planning and development	135,714	139,920
	111,345,860	109,185,843

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

### 11. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016	2015
	\$	\$
<b>Surplus/(Deficit)</b>		
Unfunded landfill closure and post-closure liability	(4,848,747)	(4,700,586)
Unfunded employee future benefits payable	(578,884)	(573,939)
	<u>(5,427,631)</u>	<u>(5,274,525)</u>
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	111,345,860	109,185,843
Long term debt related to capital assets	(3,899,075)	(4,156,169)
	<u>107,446,785</u>	<u>105,029,674</u>
<b>Surplus</b>	<u>102,019,154</u>	<u>99,755,149</u>
<b>Reserves</b>		
Working funds	10,417,677	10,159,537
Highway transfers	3,124,013	2,960,184
L.S.R. costs	1,572,237	1,580,785
Waste management	502,703	2,703
Recycling	1,761,045	1,830,045
Acquisition of capital assets	10,945,617	10,991,437
Recreation programs and facilities	446,996	467,982
Landfill site post-closure costs	1,722,640	1,722,640
Employee future benefits	591,532	591,532
Other	129,668	3,755,583
<b>Total Reserves</b>	<u>31,214,128</u>	<u>34,062,428</u>
	<u>133,233,282</u>	<u>133,817,577</u>

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

### 12. EXPENSES BY OBJECT

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

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
Salaries and benefits	20,157,391	19,731,023	19,178,434
Interest charges	381,818	381,819	423,041
Materials	13,517,029	14,167,597	11,722,199
Contracted services	4,991,241	4,698,683	4,627,387
Rents and financial	224,695	233,142	170,899
External transfers	9,618,565	13,575,277	9,659,117
Amortization	7,415,210	7,105,741	7,466,423
Loss (gain) on disposal of tangible capital assets	-	91,041	23,665
	56,305,949	59,984,323	53,271,165

### 13. TRUST FUNDS

Trust funds administered by the County amounting to \$127,337 (2015 - \$127,120) 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. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position or operations.

### 14. BUDGET FIGURES

The budget, approved by the County, for 2016 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.

### 15. CONTINGENT LIABILITIES

The County, in the course of its operations, has been named in several lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

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### 16. COMMITMENT

The County of Peterborough has entered into a lease agreement for premises on Clonsilla Avenue in Peterborough commencing September 1, 2016 and ending August 31, 2028. The base rent is \$105,000 per annum plus HST for the first year, to be adjusted by Federal CPI annually in subsequent years. The lease also calls for payments of additional rent for the County's proportionate share of property costs which are estimated at \$32,364 plus HST for the first year.

### 17. SEGMENTED INFORMATION

The County of Peterborough is a municipal government organization that provides a range of services to its residents. County services are reported by function and their activities are separately disclosed in the segmented 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.

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.

#### **General Government**

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

#### **Protection Services**

Protection services include emergency measures and the County's share of provincial offences operations provided by the City of Peterborough.

#### **Transportation Services**

The activities of the transportation function include construction and maintenance of the County's roads and bridges, winter control, and transit.

#### **Environmental Services**

The environmental function is responsible for the County's share of waste disposal operations provided by the City of Peterborough and recycling services to ratepayers.

#### **Health Services**

The health services function consists of external transfers to the local Health Unit and the cost of Land Ambulance services shared with the City of Peterborough.

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

The social and family services consist of general assistance to inhabitants, homes for the aged and child care services for the County provided by the City of Peterborough.

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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### 17. SEGMENTED INFORMATION, continued

#### **Social Housing**

The social housing services consists of affordable housing provided by the City of Peterborough to qualified inhabitants of the County.

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

The recreation and cultural services function consists of the County's park and Lang Pioneer Village.

#### **Planning and Development**

The planning and development services function manages commercial, industrial and residential development and broadband infrastructure within the County.

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2016

	General			Infrastructure	Assets Under Construction	Totals
	Land \$	Land Improvements \$	Buildings \$	Roads and Bridges \$		
<b>COST</b>						
Balance, beginning of year	5,816,786	3,431,069	9,178,215	166,092,481	3,164,013	199,112,134
Add: additions during the year	139,640	1,990,778	5,445	2,220,762	3,787,457	9,418,197
Less: disposals during the year	-	-	-	1,321,093	-	1,932,547
Internal transfers	-	-	-	2,190,190	(2,190,190)	-
<b>Balance, end of year</b>	<b>5,956,426</b>	<b>5,421,847</b>	<b>9,183,660</b>	<b>169,182,340</b>	<b>4,761,280</b>	<b>206,597,784</b>
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	1,080,275	2,679,672	2,544,512	78,053,408	-	89,926,291
Add: additions during the year	80,166	161,018	255,400	5,389,702	-	7,105,741
Less: disposals during the year	-	-	-	1,180,199	-	1,780,108
<b>Balance, end of year</b>	<b>1,160,441</b>	<b>2,840,690</b>	<b>2,799,912</b>	<b>82,262,911</b>	<b>-</b>	<b>95,251,924</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>4,795,985</b>	<b>2,581,157</b>	<b>6,383,748</b>	<b>86,919,429</b>	<b>4,761,280</b>	<b>111,345,860</b>

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2016

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Property taxation	4,716,337	(424,402)	16,097,560	2,938,720	4,248,376	2,680,164	5,629,752	784,436	1,702,103	38,373,046
User charges	721,796	2,083	46,352	1,560,486	159,071	-	-	174,393	269,872	2,934,053
Government transfers - operating	13,764	-	169,470	638,321	7,640,618	-	-	164,814	-	8,626,987
Other municipalities	14,445	-	809,006	672,375	4,270,535	-	-	-	6,072	5,772,433
Investment income	800,462	-	60,736	-	-	-	-	-	-	861,198
Donations	-	-	-	-	-	-	-	18,715	-	18,715
Provincial Offences Act charges recovered	-	510,539	-	-	-	-	-	-	-	510,539
Federal gas tax earned	-	-	1,588,784	-	-	-	-	-	-	1,588,784
Provincial gas tax earned	-	-	42,600	-	-	-	-	-	-	42,600
Development charges earned	-	-	626,673	-	-	-	-	-	45,000	671,673
<b>Total revenues</b>	<b>6,266,804</b>	<b>88,220</b>	<b>19,441,181</b>	<b>5,809,902</b>	<b>16,318,600</b>	<b>2,680,164</b>	<b>5,629,752</b>	<b>1,142,358</b>	<b>2,023,047</b>	<b>59,400,028</b>
<b>Expenses</b>										
Salaries and benefits	2,907,999	111,331	3,340,457	447,728	11,306,575	-	-	691,478	925,455	19,731,023
Interest charges	-	-	37,244	-	175,578	168,997	-	-	-	381,819
Materials	1,699,819	80,173	7,980,648	1,876,512	1,548,310	496,742	-	363,663	121,730	14,167,597
Contracted services	1,546,783	46,573	7,589	2,326,894	685,225	-	-	8,109	77,510	4,698,683
Rents and financial	136,426	-	414	-	95,591	-	-	611	100	233,142
External transfers	-	10,000	107,155	5,758	4,841,241	2,057,857	5,724,023	-	829,243	13,575,277
Amortization	72,764	10,575	6,092,235	212,970	682,360	-	-	34,837	-	7,105,741
Loss (gain) on disposal of tangible capital assets	-	-	111,371	-	(20,330)	-	-	-	-	91,041
Internal transfers	(312,475)	-	30,400	-	267,175	-	-	-	14,900	-
<b>Total expenses</b>	<b>6,051,316</b>	<b>258,652</b>	<b>17,707,513</b>	<b>4,869,862</b>	<b>19,581,725</b>	<b>2,723,596</b>	<b>5,724,023</b>	<b>1,098,698</b>	<b>1,968,938</b>	<b>59,984,323</b>
<b>Net surplus/(deficit)</b>	<b>215,488</b>	<b>(170,432)</b>	<b>1,733,668</b>	<b>940,040</b>	<b>(3,263,125)</b>	<b>(43,432)</b>	<b>(94,271)</b>	<b>43,660</b>	<b>54,109</b>	<b>(584,295)</b>

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2015

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>										
Property taxation	4,451,469	(438,645)	14,269,667	2,466,087	5,327,381	2,482,368	5,463,854	780,739	1,675,170	36,478,090
User charges	732,444	870	49,803	1,559,729	133,406	-	-	178,394	187,583	2,842,229
Government transfers - operating	32,640	-	189,244	631,045	7,421,988	-	-	134,435	-	8,409,352
Other municipalities	9,695	-	471,897	567,317	4,229,413	-	-	-	17,642	5,295,964
Investment income	276,156	-	58,055	-	-	197,355	-	-	-	531,566
Provincial Offences Act charges recovered	-	788,307	-	-	-	-	-	-	-	788,307
Federal gas tax earned	-	-	1,247,234	-	-	-	-	-	-	1,247,234
Provincial gas tax earned	-	-	63,378	-	-	-	-	-	-	63,378
Development charges earned	49,500	-	604,409	-	27,670	-	-	-	-	681,579
<b>Total revenues</b>	<b>5,551,904</b>	<b>350,532</b>	<b>16,953,687</b>	<b>5,224,178</b>	<b>17,139,858</b>	<b>2,679,723</b>	<b>5,463,854</b>	<b>1,093,568</b>	<b>1,880,395</b>	<b>56,337,699</b>
<b>Expenses</b>										
Salaries and benefits	2,709,642	83,718	3,162,420	449,538	11,134,824	-	-	716,616	921,676	19,178,434
Interest charges	-	-	39,495	-	186,191	197,355	-	-	-	423,041
Materials	1,237,245	78,854	6,112,924	1,868,938	1,616,167	263,099	-	417,495	127,477	11,722,199
Contracted services	1,545,479	47,045	15,111	2,209,788	743,151	-	-	5,922	60,891	4,627,387
Rents and financial	119,595	-	2,561	8	48,287	-	-	446	2	170,899
External transfers	-	10,000	93,697	6,831	980,366	2,179,694	5,548,536	-	839,993	9,659,117
Amortization	67,411	7,492	6,174,960	543,778	633,334	-	-	34,742	4,706	7,466,423
Loss (gain) on disposal of tangible capital assets	-	-	17,731	-	5,934	-	-	-	-	23,665
Internal transfers	(309,453)	-	30,455	1,000	256,265	-	-	-	21,733	-
<b>Total expenses</b>	<b>5,369,919</b>	<b>227,109</b>	<b>15,649,354</b>	<b>5,079,881</b>	<b>15,604,519</b>	<b>2,640,148</b>	<b>5,548,536</b>	<b>1,175,221</b>	<b>1,976,478</b>	<b>53,271,165</b>
<b>Net surplus/(deficit)</b>	<b>181,985</b>	<b>123,423</b>	<b>1,304,333</b>	<b>144,297</b>	<b>1,535,339</b>	<b>39,575</b>	<b>(84,682)</b>	<b>(81,653)</b>	<b>(96,083)</b>	<b>3,066,534</b>



## **INDEPENDENT AUDITOR'S REPORT**

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

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the County of Peterborough, which comprise the statement of financial position as at December 31, 2016, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the County of Peterborough as at December 31, 2016 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
May 29, 2017

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2016

	Treasurer's Trust Fund \$	Bursary Awards \$	2016 Total \$	2015 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	10,767	763	11,530	11,418
Investments (note 2)	69,537	-	69,537	69,720
Accounts receivable	453	-	453	431
Due from County	19,528	24,883	44,411	43,984
Inventory - books for sale	-	2,496	2,496	2,511
	100,285	28,142	128,427	128,064
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to recipients	1,090	-	1,090	944
<b>TRUST FUND BALANCES</b>	98,925	28,412	127,337	127,120
	100,015	28,412	128,427	128,064

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

# CORPORATION OF THE COUNTY OF PETERBOROUGH

**TRUST FUNDS  
STATEMENT OF CONTINUITY  
For the Year Ended December 31, 2016**

	Treasurer's Trust Fund \$	Bursary Awards \$	2016 Total \$	2015 Total \$
<b>BALANCES - beginning of year</b>	98,716	28,404	127,120	126,048
<b>RECEIPTS</b>				
Interest earned	1,904	258	2,162	2,770
<b>EXPENSES</b>				
Beneficiary distribution	146	-	146	158
Bursary awards	-	250	250	250
Trustees and other fees	1,349	-	1,349	1,090
Donations	200	-	200	200
	1,695	250	1,945	1,698
<b>BALANCES - end of year</b>	98,925	28,412	127,337	127,120

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

# CORPORATION OF THE COUNTY OF PETERBOROUGH

## TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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### 1. SIGNIFICANT ACCOUNTING POLICIES

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

(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 the County's best information and judgment. Actual results could differ from these estimates.

(c) Inventory

Inventory of books is recorded at the lower of cost or market, with cost being determined as historical cost.

### 2. INVESTMENTS

Investments, recorded at cost, are comprised of the following:

	2016	2015
	\$	\$
Scotiastream Bond Trust Fund	68,099	68,313
Scotiastream Money Market	1,438	1,407
	69,537	69,720
Market Value	71,327	71,850

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