

**CORPORATION OF THE CITY OF QUINTE WEST
WATER SUPPLY AND WASTE WATER SYSTEM
MUNICIPAL ENTERPRISE
SUPPLEMENTARY FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

SUPPLEMENTARY FINANCIAL STATEMENTS

The accompanying financial statements of the Water Supply and Waste Water System Municipal Enterprise are presented as supplementary information to the consolidated financial statements of the Corporation of the City of Quinte West. In this respect, they do not form part of the basic financial statements of the Corporation of the City of Quinte West for the year ended December 31, 2022 and hence, are excluded from the opinion expressed in our report to the Council. The information in these schedules has been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of the corporation.

Wilkinson & Company LLP

Trenton, Canada
July 4, 2023

Chartered Professional Accountants
Licensed Public Accountants

COMPILATION ENGAGEMENT REPORT

To the Council of Corporation of the City of Quinte West Water Supply and Waste Water System Municipal Enterprise:

On the basis of information provided by management, we have compiled the balance sheet of Corporation of the City of Quinte West Water Supply and Waste Water System Municipal Enterprise at December 31, 2022, the statements of retained earnings and earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information and other explanatory information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Wilkinson & Company LLP

TRENTON, Canada
July 4, 2023

Chartered Professional Accountants
Licensed Public Accountants

**CORPORATION OF THE CITY OF QUINTE WEST
WATER SUPPLY AND WASTE WATER SYSTEM MUNICIPAL ENTERPRISE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	3,456,707	4,951,292
Accounts receivable	3,367,211	1,911,457
Due from the City of Quinte West	4,321,416	3,987,305
Unbilled revenue	1,454,553	1,356,118
	<u>12,599,887</u>	<u>12,206,172</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,113,125	2,242,956
Long-term debt	59,229,880	61,540,592
	<u>61,343,005</u>	<u>63,783,548</u>
Net debt	<u>(48,743,118)</u>	<u>(51,577,376)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	144,508,858	142,110,465
Prepaid expenses	104	27,167
	<u>144,508,962</u>	<u>142,137,632</u>
MUNICIPAL POSITION		
Accumulated Surplus	<u>95,765,844</u>	<u>90,560,256</u>

APPROVED ON BEHALF OF THE BOARD

Director

Director

**CORPORATION OF THE CITY OF QUINTE WEST
WATER SUPPLY AND WASTE WATER SYSTEM MUNICIPAL ENTERPRISE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget (Unaudited) 2022 \$	Actual 2022 \$	Actual 2021 \$
REVENUES			
User fees			
Water	8,891,000	8,783,402	8,483,335
Sewer	9,584,000	10,094,208	9,475,475
Grants	550,000	1,064,787	-
Other:			
Developer contributions	939,045	1,830,008	2,750,233
Other	698,500	821,085	763,059
Loss on disposal of tangible capital assets	-	(91,596)	(151,256)
	20,662,545	22,501,894	21,320,846
EXPENDITURES			
Administration	4,997,275	4,709,981	5,186,045
Amortization	3,815,000	4,479,580	4,133,630
Water treatment plant	2,515,200	2,533,649	2,374,799
Water distribution	1,496,800	1,224,758	1,255,434
Water meter service	251,050	321,657	275,626
Sewage treatment plant	3,438,100	3,742,714	3,168,164
Sanitary sewer maintenance	378,500	256,536	243,214
Lateral rodding maintenance	47,000	27,432	32,047
	16,938,925	17,296,307	16,668,959
ANNUAL SURPLUS	3,723,620	5,205,587	4,651,887
ACCUMULATED SURPLUS - BEGINNING OF YEAR	90,560,256	90,560,256	85,908,369
ACCUMULATED SURPLUS - END OF YEAR	94,283,876	95,765,843	90,560,256

**CORPORATION OF THE CITY OF QUINTE WEST
WATER SUPPLY AND WASTE WATER SYSTEM MUNICIPAL ENTERPRISE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 \$	2021 \$
OPERATING TRANSACTIONS		
Annual surplus	5,205,587	4,651,887
Adjustment for items which do not affect cash -		
Amortization of tangible capital assets	4,479,580	4,133,630
Loss on disposal	91,596	151,256
	<u>9,776,763</u>	<u>8,936,773</u>
Changes in the level of:		
Decrease (increase) in accounts receivable	(1,455,754)	16,697
Increase in unbilled revenue	(98,436)	(58,210)
Decrease (increase) in prepaid expenses	27,063	(27,167)
Decrease in due from City of Quinte West	(334,111)	(3,660,941)
Decrease in accounts payable and accrued liabilities	(129,829)	(760,509)
Decrease (increase) in investments	-	11,328,522
CASH PROVIDED BY OPERATING TRANSACTIONS	<u>7,785,696</u>	<u>15,775,165</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(6,970,206)	(9,089,917)
Proceeds on disposal of tangible capital assets	638	1,510
CASH USED IN CAPITAL TRANSACTIONS	<u>(6,969,568)</u>	<u>(9,088,407)</u>
FINANCING TRANSACTIONS		
Repayment of municipal debt	(2,310,713)	(2,285,371)
CASH APPLIED TO FINANCING ACTIVITIES	<u>(2,310,713)</u>	<u>(2,285,371)</u>
INCREASE (DECREASE) IN CASH	<u>(1,494,585)</u>	<u>4,401,387</u>
OPENING CASH	<u>4,951,292</u>	<u>549,905</u>
CLOSING CASH	<u>3,456,707</u>	<u>4,951,292</u>
REPRESENTED BY:		
Cash	<u>3,456,707</u>	<u>4,951,292</u>

**CORPORATION OF THE CITY OF QUINTE WEST
WATER SUPPLY AND WASTE WATER SYSTEM MUNICIPAL ENTERPRISE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget (Unaudited) 2022 \$	2022 \$	2021 \$
Annual surplus	3,723,620	5,205,587	4,651,887
Acquisition of tangible capital assets	(11,561,000)	(6,970,206)	(9,089,917)
Amortization of tangible capital assets	3,815,000	4,479,580	4,133,630
Loss on disposal of tangible capital assets	-	91,596	151,256
Proceeds on sale of tangible capital assets	-	638	1,510
Change in prepaid expenses	-	27,063	(27,167)
Increase in net debt	(4,022,380)	2,834,258	(178,801)
Net debt - beginning of year	(51,577,376)	(51,577,376)	(51,398,575)
Net debt - end of year	(55,599,756)	(48,743,118)	(51,577,376)

**CORPORATION OF THE CITY OF QUINTE WEST
WATER SUPPLY AND WASTE WATER SYSTEM
MUNICIPAL ENTERPRISE
NOTE TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the financial information is the historical cost basis, reflecting cash transactions with the addition of:

- Accounts receivable less specifically identified bad debts (if any)
- Capital assets amortized at rates based on management's estimate of the useful life
- Investments in related entities and amounts due to/from related entities at cost
- Prepaid expenses and operating costs
- Unbilled revenue
- Long-term debt