

**CORPORATION OF THE CITY OF QUINTE WEST  
CONSOLIDATED FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2023**

**CORPORATION OF THE CITY OF QUINTE WEST**  
**TABLE OF CONTENTS**  
**AS AT DECEMBER 31, 2023**

	<b><u>Page</u></b>
<b>MANAGEMENT'S REPORT</b>	1
<b>INDEPENDENT AUDITORS' REPORT</b>	2-3
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Remeasurement Gains and Losses	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Changes in Net Debt	8
Notes to Consolidated Financial Statements	9-35

## MANAGEMENT'S REPORT

### *Management's Responsibility for the Consolidated Financial Statement*

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

The Audit and Risk Advisory Committee are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through Council. Council reviews internal financial statements on a regular basis and external audited consolidated financial statements yearly. The Committee also discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Wilkinson & Company LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Corporation of the City of Quinte West and meet when required. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Corporation of City of Quinte West.

---

Committee Member

---

Committee Member

## **INDEPENDENT AUDITORS' REPORT**

To the Council of the  
Corporation of the City of Quinte West

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Corporation of the City of Quinte West, which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations, statement of remeasurement gains and losses, cash flows and changes in net debt 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 financial position of the Municipality as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada.

#### **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 Municipality 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 financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative to do so.

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

**INDEPENDENT AUDITORS' REPORT**  
**PAGE 3**

**Auditors' 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 Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Municipality 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.

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.

*Wilkinson & Company LLP*

TRENTON, Canada  
May 10, 2024

Chartered Professional Accountants  
Licensed Public Accountants

**WILKINSON** 

**CORPORATION OF THE CITY OF QUINTE WEST  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023**

	2023	2022
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents - Note 6	43,511,597	30,695,257
Marketable securities - Note 7	34,889,646	33,828,538
Taxes receivable - net of allowance - Note 8	5,120,907	4,838,899
Accounts receivable - Note 9	9,047,578	10,581,673
Loan receivable - Note 10	589,227	653,360
Land held for resale	3,316,819	3,810,950
	96,475,774	84,408,677
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	15,565,189	15,846,893
Deferred revenue and deposits - Note 12	27,664,712	22,793,628
Landfill obligation - Note 11	-	1,580,574
Asset retirement obligation - Note 11	2,145,738	-
Contaminated sites obligation - Note 13	788,000	719,000
Employee future benefits - Note 14	5,826,700	5,284,100
Municipal debt - Note 15	119,688,213	111,367,302
	171,678,552	157,591,497
<b>Net debt</b>	<b>(75,202,778)</b>	<b>(73,182,820)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - Note 20	427,478,469	411,742,041
Inventory	73,319	67,370
Prepaid expenses	571,520	307,635
	428,123,308	412,117,046
<b>MUNICIPAL POSITION</b>		
Accumulated Surplus - Note 16	353,127,927	338,934,226
Accumulated Remeasurement Gains (Losses)	(207,397)	-
	352,920,530	338,934,226

COMMITMENTS - Note 17

The accompanying notes form an integral part of these financial statements

**CORPORATION OF THE CITY OF QUINTE WEST  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Budget (Unaudited) Note 19 2023 \$</b>	<b>Actual 2023 \$</b>	<b>Actual 2022 \$</b>
<b>REVENUES</b>			
Taxes levied for own purposes	64,378,752	64,540,207	59,520,753
Taxes from other governments	10,189,522	10,197,603	9,576,588
User fees	26,332,129	24,428,196	23,969,613
Grants:			
Government of Canada	2,892,281	3,089,937	3,323,593
Province of Ontario	8,583,497	9,458,559	7,879,717
Other:			
Developer contributions	1,759,600	6,532,684	4,611,927
Other	2,157,330	1,981,864	1,843,865
Reversal of landfill obligation - Note 2	-	1,580,574	-
Write-down of land held for resale - Note 21	-	-	(624,623)
Gain on disposal of land held for resale	-	194,389	434,335
Loss on disposal of tangible capital assets	433,200	(2,321,178)	(653,301)
Interest	1,340,700	2,026,713	1,777,674
	<b>118,067,011</b>	<b>121,709,548</b>	<b>111,660,141</b>
<b>EXPENDITURES</b>			
General government	13,835,398	13,675,664	12,562,980
Protection services	18,762,600	18,242,120	17,825,332
Transportation services	26,690,705	26,786,448	26,036,933
Environmental services	22,658,450	23,287,609	21,413,821
Health services	4,903,100	5,029,313	4,532,064
Social and family services	8,389,000	8,289,966	7,826,270
Recreation and cultural services	10,241,801	10,485,791	9,979,436
Planning and development	1,994,300	1,718,936	1,700,255
	<b>107,475,354</b>	<b>107,515,847</b>	<b>101,877,091</b>
<b>ANNUAL SURPLUS</b>	<b>10,591,657</b>	<b>14,193,701</b>	<b>9,783,050</b>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>-</b>	<b>338,934,226</b>	<b>329,151,176</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>-</b>	<b>353,127,927</b>	<b>338,934,226</b>

The accompanying notes form an integral part of these financial statements.

**CORPORATION OF THE CITY OF QUINTE WEST  
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>2023</b>	2022
	\$	\$
Accumulated remeasurement gains and losses, opening	-	-
Adjustment on adoption of financial instruments standard (Note 3)	<b>(2,617,437)</b>	-
Unrealized gain on portfolio investment	<b>2,410,040</b>	-
	<hr/>	
Accumulated remeasurement gains and losses, ending	<b>(207,397)</b>	-
	<hr/>	

The accompanying notes form an integral part of these financial statements



**CORPORATION OF THE CITY OF QUINTE WEST  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023 \$	2022 \$
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	14,193,701	9,783,050
Adjustment for items which do not affect cash -		
Amortization of tangible capital assets	19,741,023	18,852,264
Accretion of asset retirement obligation	88,463	-
Loss on disposal of tangible capital assets	2,321,178	653,301
Increase (decrease) in landfill obligation	(1,580,574)	375,458
Increase in contaminated sites obligation	69,000	39,000
Increase in employee future benefits	542,600	326,300
Increase in taxes receivable	(282,008)	(755,898)
Increase in investments	(1,268,506)	(33,828,538)
Decrease (increase) accounts receivable	1,534,094	(3,277,439)
Decrease (increase) in loan receivable	64,133	(653,360)
Increase in inventory	(5,949)	(20,972)
Decrease (increase) in prepaid expenses	(263,885)	1,610,483
Decrease in land held for resale	494,131	759,177
Increase (decrease) in accounts payable and accrued liabilities	(281,704)	1,123,483
Increase in deferred revenue and deposits	4,871,084	4,738,188
<b>CASH PROVIDED BY (APPLIED TO) OPERATING TRANSACTIONS</b>	<b>40,236,781</b>	<b>(275,503)</b>
<b>CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	(35,838,037)	(28,507,982)
Proceeds on sale of tangible capital assets	96,683	88,840
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<b>(35,741,354)</b>	<b>(28,419,142)</b>
<b>FINANCING TRANSACTIONS</b>		
Issuance of municipal debt	14,440,000	-
Debt principal repayments	(6,119,087)	(5,993,725)
<b>CASH APPLIED TO FINANCING ACTIVITIES</b>	<b>8,320,913</b>	<b>(5,993,725)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>12,816,340</b>	<b>(34,688,370)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>30,695,257</b>	<b>65,383,627</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>43,511,597</b>	<b>30,695,257</b>
<b>REPRESENTED BY:</b>		
Cash and cash equivalents	43,511,597	30,695,257

The accompanying notes form an integral part of these financial statements

**CORPORATION OF THE CITY OF QUINTE WEST  
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Budget (Unaudited) Note 19 2023 \$</b>	<b>2023 \$</b>	<b>2022 \$</b>
Annual surplus	-	14,193,701	9,783,050
Acquisition of tangible capital assets	(52,320,850)	(35,838,037)	(28,507,982)
Amortization of tangible capital assets	8,546,105	19,741,023	18,852,264
Accretion of asset retirement obligation	-	88,463	-
Loss on disposal of tangible capital assets	-	2,321,178	653,301
Proceeds on sale of tangible capital assets	-	96,683	88,840
	<b>(43,774,745)</b>	<b>603,011</b>	869,473
Acquisition of inventory	-	(73,319)	(67,370)
Consumption of inventory	-	67,370	46,397
Acquisition of prepaid expenses	-	(571,520)	(307,635)
Consumption of prepaid expenses	-	307,635	1,918,118
	-	<b>(269,834)</b>	1,589,510
Decrease in net debt	(43,774,745)	333,177	2,458,983
Net debt - beginning of year	(73,182,820)	(73,182,820)	(75,641,803)
Adjustment on adoption of the asset retirement obligation standard (Note 2)	-	(2,145,738)	-
Increase in accumulated remeasurement loss	-	(207,397)	-
Net debt - end of year	<b>(116,957,565)</b>	<b>(75,202,778)</b>	(73,182,820)

The accompanying notes form an integral part of these financial statements

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the City of Quinte West are prepared by management in accordance with Canadian generally accepted accounting policies as recommended by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

**(a) Basis of Accounting**

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards.

**(b) Basis of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which are composed of all boards, which are controlled by the Council. These boards are the Quinte West Public Library Board and Trenton Downtown Business Improvement Area Board.

All interfund and inter-entity assets, liabilities, revenues and expenses are eliminated upon consolidation.

Trust funds and their related operations administered by the Municipality are not consolidated, but are disclosed separately in Note 3.

The taxes, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the balances of these consolidated financial statements, but are disclosed separately in Note 4.

**(c) Land Held for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Costs include amounts for improvements to prepare the land for sale. When the cost of land held for resale exceed the net realizable value, the cost of land held for resale will be written down to net realizable value. Any such write-down will be included in cost of goods sold for the year of write-down. If circumstances or events lead to a subsequent increase in the net realizable value of the land held for resale that was written down, the amount of the write-down will be reversed and recorded in cost of goods sold in the year of the reversal.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)**

**(d) Tangible Capital Assets**

Tangible capital assets are recorded at historical cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where historical cost is not available, management has developed estimation techniques to determine cost. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the useful lives of the assets. The only exception is for land, which is considered to have an indefinite life. Assets under construction are not amortized until the asset is available for productive use. Gains and/or losses on the disposal of an asset are recorded on the consolidated statement of operations as "gain/loss on disposal of tangible capital assets". Amortization of tangible capital assets which is based on management's estimate of the useful life, is calculated from the month of addition as follows:

<b>Asset</b>	<b>Basis</b>	<b>Useful Life</b>
Land improvements	Straight-line	15-50 years
Buildings	Straight-line	15-110 years
Equipment	Straight-line	3-30 years
Computer hardware and software	Straight-line	3-4 years
Vehicles and rolling equipment	Straight-line	10-20 years
Furniture and fixtures	Straight-line	3-30 years
Road network	Straight-line	15-75 years
Water and sewer network	Straight-line	20-80 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipality's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for in the consolidated statement of operations.

**(e) Inventories**

Inventories are valued at the lower of net realizable value. When the cost of inventories exceed the net realizable value, the cost of inventories will be written down to net realizable value. Any such write-down will be included in cost of goods sold for the year of write-down. If circumstances or events lead to a subsequent increase in the net realizable value of the inventory that was written down, the amount of the write-down will be reversed and recorded in cost of goods sold in the year of the reversal.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)**

**(f) Pension Agreement**

The Municipality is an employer member of the Ontario Municipal Employee Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for the plan because it is a multi-employer plan. The Municipality records pension expense at the current service cost, amortization of past costs and interest costs related to the future employer contributions to the plan for past employee service.

**(g) Use of Estimates and Measurement Uncertainty**

The preparation of consolidated 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, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include valuation of employee future benefits, asset retirement obligation, landfill obligation, development charges, contaminated sites obligation, fair value of contributed tangible capital assets, allowance for uncollectible taxes and the estimated useful life of tangible capital assets.

Estimates are based on actuarial and engineering reports that are based on the best information available at the time of preparation of the consolidated financial statements. Actual results could differ from those estimates.

Deferred revenue estimates are based on the Development Charge Background Study completed by a third party. The purpose of the study is to quantify and analyze the costs and timing between the accumulation of reserves from normal development charges income and the future projects the Municipality has in place. Actual results could differ from those estimates.

**(h) Cash and Equivalents**

Cash and equivalents consist of bank balances and investments in term deposits with maturity dates of less than three months from the date they are acquired, and is net of any temporary borrowings for current purposes.

**(i) Marketable Securities**

Marketable securities consist primarily of pooled funds with varying maturities and rates of interest. Marketable securities consisting of equity instruments that are quoted in an active market are carried at fair market value. Unrealized gains on investments flow through the Statement of Remeasurement Gains and Losses and are presented on the Statement of Financial Position as Accumulated Remeasurement Gains (Losses). Market value is determined using quoted market prices on a portfolio basis.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)**

**(j) Deferred Revenue**

Obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenditures in the current year is reflected as revenue in the Consolidated Statement of Operations.

**(k) Revenue Recognition**

Revenue is reported on the accrual basis of accounting.

Tax revenue is recognized in the calendar year to which the tax assessment applies. When necessary, taxes are recorded at estimated amounts when actual balances are not known. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

Fines and donations are recognized when collected.

Developer contributions and user fees for services are recognized over the period of service or when required expenditures occur if applicable.

Except as noted in the government transfers policy below, conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.

Interest revenue is recognized in the period in which it is earned.

**(l) Government Transfers**

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the liabilities are settled.

**(m) Asset Retirement Obligation**

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

- (i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) the past transaction or event giving rise to the liability has occurred;
- (iii) it is expected that future economic benefits will be given up; and
- (iv) a reasonable estimate of the amount can be made.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)**

**(m) Asset Retirement Obligation - (Cont'd)**

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. The liability for asbestos removal costs at the end of the useful life of buildings has also been recognized on the same basis. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense. The recognition of a liability in an accompanying increase to the respective tangible capital assets. The landfill and building capital assets are being amortized straight line over the remaining estimated useful life of the asset.

**(n) Liability for Contaminated Sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds environmental standard;
- (iii) The Municipality is directly responsible or accepts responsibility; and
- (iv) a reasonable estimate of the amount can be made.

**(o) Financial Instruments**

**(i) Measurement of Financial Instruments**

The Municipality initially measures its financial assets and liabilities at fair value adjusted by, in the case of financial instruments that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Municipality subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at fair value include cash and marketable securities.

All other financial assets are measured at amortized cost.

There are no financial liabilities measured at fair value.

All financial liabilities are measured at amortized cost.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)**

**(o) Financial Instruments - (Cont'd)**

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in annual surplus. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in annual surplus up to the impairment amount previously recognized.

**2. CHANGE IN ACCOUNTING POLICIES**

**a) *PS 3450 - Financial Instruments and PS 2601 - Foreign Currency Translation***

On January 1, 2023, the Municipality adopted Public Accounting Standards *PS 3450 - Financial Instruments* and *PS 2601 - Foreign Currency Translation*. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Municipality's accounting policy choices (see Note 1).

As a result of the adoption of this new accounting standard, marketable securities consisting of equity instruments that are quoted in an active market are carried at fair market value. The Municipality has also designated bonds and GICs to be carried at fair market value. As the standard was adopted prospectively, marketable securities in the prior year are still recorded at cost.

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

- (i) A decrease of \$2,617,437 to net surplus and an increase of (\$2,617,437) to accumulated remeasurement gains/(losses) due to the unrealized loss on the Municipality's investments previously carried at the lower of cost and market value, where a decline in market value below cost is considered to be other than temporary in nature being reclassified to accumulated remeasurement gain/(losses).



**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**2 . CHANGE IN ACCOUNTING POLICIES - (Cont'd)**

**b) *PS 3280 - Asset Retirement Obligations***

On January 1, 2023, the Municipality also adopted Public Accounting Standard *PS 3280 - Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing *Section PS 3270 - Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on a prospective basis at the date of adoption.

**(i) Landfill Obligation**

The Municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2023, using the prospective method. The liability represents the required closure and post-closure care for the landfill sites owned by the Municipality. The landfill had an expected useful life of 9 years as of January 1, 2023.

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

- A decrease of \$1,580,574 to landfill liability to remove the liability recognized to date under the old standard, and an accompanying increase of \$1,580,574 to accumulated surplus as of the beginning of the year.
- An increase of \$1,640,423 to the landfill capital asset account, representing the fair value of the obligation as of the beginning of the year using a rate of 4.30%. The landfill capital asset will be amortized straight-line over the estimated remaining useful life of the asset.
- An asset retirement obligation in the amount of \$1,640,423, representing the fair value of the obligation as of the beginning of the year using a rate of 4.30%.

**(ii) Asbestos Obligation**

On January 1, 2023, the Municipality recognized an additional asset retirement obligation relating to several buildings owned by the Municipality that are likely to contain asbestos. The liability was measured as of January 1, 2023. The estimated remaining useful life of the buildings was used to calculate the present value of anticipated future cash flows to properly dispose of the asbestos in the buildings.

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

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**2 . CHANGE IN ACCOUNTING POLICIES - (Cont'd)**

(ii) **Asbestos Obligation - (Cont'd)**

- An increase of \$416,852 to the buildings capital asset account, representing the present value of the obligation as of the beginning of the year. The buildings will be amortized straight-line over the estimated useful life of the asset.
- An asset retirement obligation in the amount of \$416,852 representing the present value of the obligation as of the beginning of the year using a discount rate of 4.30%.

**3. TRUST FUNDS**

	<b>2023</b>	<b>2022</b>
	\$	\$
Mount Evergreen Cemetery	<b>391,540</b>	384,661
Mount Zion Cemetery	<b>13,247</b>	13,363
Mount Carmel Cemetery	<b>35,839</b>	35,948
McVicar Trust	<b>2,911</b>	2,768
Stone Church Cemetery	<b>100</b>	102
	<b>443,637</b>	436,842

**4. TAXES RAISED ON BEHALF OF OTHERS**

	<b>2023</b>	<b>2022</b>
	\$	\$
School boards	<b>11,161,080</b>	11,081,547

The ratepayers of the City of Quinte West support the operations of various school boards operating in the Municipality. These taxes are collected by the Municipality on behalf of the school boards and are not reflected on the Consolidated Statement of Operations. To the extent that the tax amounts remain uncollected at year end, the outstanding amounts are included in taxes receivable.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**5. RESTRICTED ASSETS**

	2023	2022
	\$	\$
Cash	22,057,540	8,331,878
Short-term investments	-	4,991,747
Due to/from own municipality	4,133,694	7,635,293
	<b>26,191,234</b>	<b>20,958,918</b>
Consists of:		
Obligatory funds in deferred revenue	26,172,713	20,940,602
Reid fund reserve in surplus	18,521	18,316
	<b>26,191,234</b>	<b>20,958,918</b>

**6. CASH AND CASH EQUIVALENTS**

	2023	2022
	\$	\$
Unrestricted:		
Unrestricted cash	21,454,057	16,516,774
Unrestricted investments	-	4,158,701
Restricted:		
Restricted cash	22,057,540	8,331,878
Restricted investments	-	1,687,904
	<b>43,511,597</b>	<b>30,695,257</b>

The majority of the cash is on deposit at one financial institution (TD Canada Trust).  
Cash is invested through One Investments.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**7. MARKETABLE SECURITIES**

As discussed in Note 2(a), on January 1, 2023, the Municipality adopted Public Accounting Standard *PS 3450 - Financial Instruments* prospectively from the date of adoption. As set out in Note 1(i), the Municipality values marketable securities at fair market value. The cost values and market values of marketable securities as at December 31, 2023 are as follows:

	<b>2023</b>	<b>2023</b>	2022	2022
	<b>Cost</b>	<b>Market Value</b>	Cost	Market Value
	\$	\$	\$	\$
Pooled funds	<b>35,097,043</b>	<b>34,889,646</b>	28,278,791	25,661,354
GICs	-	-	5,549,747	5,549,747
	<b>35,097,043</b>	<b>34,889,646</b>	33,828,538	31,211,101

**8. TAXES RECEIVABLE**

	<b>2023</b>	2022
	\$	\$
Taxes receivable	<b>6,717,184</b>	6,406,176
Allowance for doubtful accounts	<b>(1,596,277)</b>	(1,567,277)
	<b>5,120,907</b>	4,838,899

**9. ACCOUNTS RECEIVABLE**

	<b>2023</b>	2022
	\$	\$
Government of Canada	<b>2,623,815</b>	3,243,130
Province of Ontario	<b>35,400</b>	1,336,324
Other Municipalities	<b>29,409</b>	1,160
Other	<b>6,358,954</b>	6,001,059
	<b>9,047,578</b>	10,581,673

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**10. LOAN RECEIVABLE**

As of December 31, 2023, the loan receivable balance of \$589,227 (2022 - \$653,360) was bearing interest at 0.78% per annum in equal blended monthly repayments of \$5,750 until December 31, 2024.

As of January 1, 2024, the loan receivable became non-interest bearing with equal monthly repayments of \$2,607. The outstanding principal sum, if any, shall be due and payable on December 1, 2043.

**11. ASSET RETIREMENT OBLIGATIONS**

The Municipality's asset retirement obligation consists of several obligations as follows:

**a) Landfill Obligation**

The Municipality owns and operates a landfill site in Frankford. The liability for the closure of operational sites and post-closure care has been recognized under *PS 3280 - Asset Retirement Obligations*. The landfill had an estimated useful life of 9 years as of January 1, 2023 with post-closure care estimated to be \$528,750 in the year of closure as well as annual monitoring and maintenance costs for 25 years from the date of site closure at a cost of \$27,350 per year. The post-closure care cost estimates were last updated as of December 31, 2022 by Cambium Environmental; an engineering firm hired by the Municipality that has experience in landfill construction, closure and ongoing monitoring work and related processes. These costs were discounted to December 31, 2023 using a discount rate of 4.30% per annum. The waste site closure and post closure liability has been estimated at December 31, 2023 to be \$1,710,962 (2022 - \$1,580,574). As at December 31, 2023, the landfill asset retirement obligation has not been fully financed.

**b) Asbestos Obligation**

The Municipality owns and operates several buildings that are thought to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of *PS 3280 - Asset Retirement Obligations*, the Municipality recognized an obligation relating to the removal and post-removal care of asbestos in these buildings as estimated at January 1, 2023. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. The ultimate undiscounted cost of these cash flows are estimated to be \$1,554,411 over the next 46 years and are estimated based on the Municipality's previous asbestos removal documentation and an average inflation rate of 6.98% per year based on the 10-year average non-residential building construction index. The rate used to determine the present value of these cash flows as of the end of the fiscal year was 4.30% per annum. As at December 31, 2023, the asbestos asset retirement obligation has not been fully financed.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**11. ASSET RETIREMENT OBLIGATIONS - (Cont'd)**

b) **Asbestos Obligation - (Cont'd)**

The transition and recognition of asset retirement obligations involved an accompanying increase to the Landfill and Buildings capital assets (see Note 2).

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

	Landfill Closure	Asbestos Removal	Balance at December 31, 2023
	\$	\$	\$
Opening Balance	-	-	-
Adjustment on adoption of the asset retirement obligation standard (Note 2)	1,640,423	416,852	2,057,275
Accretion Expense	70,538	17,925	88,463
<b>Closing Balance</b>	<b>1,710,961</b>	<b>434,777</b>	<b>2,145,738</b>

**12. DEFERRED REVENUE AND DEPOSITS**

	2023	2022
	\$	\$
Obligatory reserve funds:		
Development Charges Act	10,137,104	7,941,231
Parkland (Planning Act)	193,400	125,730
Federal Gas Tax	4,816,360	4,670,829
Provincial Gas Tax	111,284	109,026
OG Alyea Park	89,127	175,121
OCIF (Ontario Community Infrastructure Fund)	10,668,800	7,610,730
OCLIF (Ontario Cannabis Legalization Implementation Fund)	156,638	149,037
CTGP (Community Transportation Grant Program)	-	158,898
	<b>26,172,713</b>	<b>20,940,602</b>
Deferred revenue:		
Stormwater	68,115	64,803
Other deferred revenue and deposits	1,423,884	1,788,223
	<b>1,491,999</b>	<b>1,853,026</b>
	<b>27,664,712</b>	<b>22,793,628</b>

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**12. DEFERRED REVENUE AND DEPOSITS - (Cont'd)**

The net change during the year in the restricted deferred revenue balances is made up of the following:

	Development charges	Parkland	Federal Gas tax	Provincial Gas tax	OG Alyea Park	OCIF	OCLIF	CTGP	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	7,941,231	125,730	4,670,829	109,026	175,121	7,610,730	149,037	158,898	20,940,602
Amounts received	2,005,393	59,800	2,884,281	528,936	32,000	6,451,075	-	96,779	12,058,264
Interest earned	459,552	7,870	290,380	9,322	9,001	580,648	7,601	9,144	1,373,518
Miscellaneous	(18)	-	(18)	-	-	(18)	-	-	(54)
Industrial exemptions	473,392	-	-	-	-	-	-	-	473,392
Revenue recognized	(742,446)	-	(3,029,112)	(536,000)	(126,995)	(3,973,635)	-	(264,821)	(8,673,009)
<b>Ending obligatory funds</b>	<b>10,137,104</b>	<b>193,400</b>	<b>4,816,360</b>	<b>111,284</b>	<b>89,127</b>	<b>10,668,800</b>	<b>156,638</b>	<b>-</b>	<b>26,172,713</b>

Gas tax revenue is provided by the Government of Canada. The use of the funds is established by the funding agreement signed between the Municipality and the Association of Municipalities of Ontario. Gas tax funds may be used towards designated projects as specified in the funding agreements.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**13. CONTAMINATED SITES OBLIGATION**

The consolidated statement of financial position recognizes and estimates a liability of \$788,000 (2022 - \$719,000) for remediation of two properties using a net present value calculation with an updated inflation rate of 6.98% and an interest rate of 4.30% that is equal to the rate used on the actuarial report for payroll retirement benefits. The nature of the liability is due to a history of industrial contamination associated with the use of various chemicals, of which leaking buried drums containing these chemicals were discovered in 1990 and subsequently removed. This liability was initially estimated by an accredited engineering firm hired by the Municipality who has experience with contaminated sites and on-going monitoring work and related processes. For purposes of the above calculation, the contaminated sites have an estimated remaining life span of five years. As at December 31, 2023, the costs associated with the contaminated sites have not been fully financed.

**14. EMPLOYEE FUTURE BENEFITS**

The Municipality provides certain employee amounts which will require funding in future periods.

**(i) Vacation Payable**

Vacation pay owing at December 31, 2023 of \$319,615 (2022 - \$262,903) has been fully funded from operations and included in accounts payable in these consolidated financial statements.

**(ii) Pension Agreement**

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million indicating a going concern actuarial deficit of \$4,202 million. OMERS is a multi-employer plan, accordingly, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2023 were \$2,113,136 (2022 - \$1,861,492).

**(iii) Post-Employment Benefits**

Under the provisions of certain employee benefit plans, an employee, who is eligible for a retirement pension from OMERS, and is under the age of 65 will be provided with Extended Health coverage.

Regular firefighters receive health benefits until death, Water and Sewer retirees with life insurance benefits also receive coverage until death. For all other groups, health benefits are terminated on the members 65<sup>th</sup> birthday. The plan requires no contribution from employees. Total benefit payments for retirees during the year were \$256,099 (2022 - \$222,454).



**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**14. EMPLOYEE FUTURE BENEFITS - (Cont'd)**

**(iii) Post-Employment Benefits - (Cont'd)**

Actuarial valuations for accounting purposes will be performed triennially using the projected benefit method prorated on services. The last actuarial valuation was completed as at December 31, 2023. The next actuarial valuation is to be completed as at December 31, 2026. The accrued benefit obligation of \$5,826,700 shown for December 31, 2023 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net loss of \$753,700 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2023 includes the following components.

	<b>2023</b>	<b>2022</b>
	\$	\$
Actuarially determined accrued benefit obligation	<b>6,580,400</b>	6,203,300
Unamortized actuarial losses	<b>(753,700)</b>	(919,200)
	<b>5,826,700</b>	5,284,100

The actuarial valuation and extrapolation were based on a number of assumptions about future events, such as wage and salary increases, and employee turnover and mortality. The assumptions used reflect the municipalities, best estimates. The main actuarial assumptions employed for the extrapolation are as follows:

Discount rate	2.30%
Medical cost increases:	
First year	5.99%
Decreasing over 20 years to	4% Decreasing
Expected rate of dental cost increase	4%
Estimated average remaining service life of the employee group	11 years

The post-employment benefit expense is reported as a component of current expenditures on the statement of financial activities. Composition of the amount is as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
Current year benefit cost	<b>333,200</b>	325,700
Amortization of actuarial losses	<b>165,500</b>	165,500
Plan amendments incurred in year	<b>202,600</b>	-
Interest on post-employment benefit liability	<b>146,800</b>	142,800
	<b>848,100</b>	634,000

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. MUNICIPAL DEBT**

	2023	2022
	\$	\$
Total long-term liabilities incurred for capital purposes by the Municipality including those incurred on behalf of public works, Municipal Enterprise and individuals outstanding at year-end.	<b>119,688,213</b>	111,367,302
<b>Net municipal debt</b>	<b>119,688,213</b>	111,367,302

- (i) The interest rates charged on debt range from 1.95% to 4.91%. The estimated requirement for future repayments, assuming payment on the demand loans is not enforced before debentures are finalized, are summarized as follows:

	2024	2025	2026	2027	2028 +	Total
	\$	\$	\$	\$	\$	\$
Principal	7,019,173	7,155,715	7,123,191	7,263,385	91,126,749	119,688,213
Interest	3,908,557	3,664,641	3,424,284	3,182,179	22,847,217	37,026,878
	<b>10,927,730</b>	<b>10,820,356</b>	<b>10,547,475</b>	<b>10,445,564</b>	<b>113,973,966</b>	<b>156,715,091</b>

- (ii) The long-term liabilities issued in the Municipality's name have been approved by by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**16. ACCUMULATED SURPLUS**

	2023	2022
	\$	\$
Total reserve and reserve funds	<b>52,126,689</b>	49,283,098
Land held for sale	<b>3,316,819</b>	3,810,950
Surplus attributable to net capital assets	<b>425,428,737</b>	411,742,041
Asset retirement obligation	<b>(96,006)</b>	-
Municipal debt to be recovered in future	<b>(119,688,213)</b>	(111,367,302)
Employee future benefits to be recovered in future	<b>(5,826,700)</b>	(5,284,100)
Landfill liability to be recovered in future	-	(1,580,574)
Contaminated sites liability to be recovered in future	<b>(788,000)</b>	(719,000)
Self financed debt	<b>(1,345,399)</b>	(6,950,887)
	<b>353,127,927</b>	338,934,226

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**17. CONTINGENCIES AND COMMITMENTS**

(i) Credit facility agreement

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$5 million through an operating line of credit. Any balance borrowed will bear interest at prime less 0.5% per annum on prime based loans, prime less 0.25% per annum on bankers acceptances and 1% per annum on letters of credit. Council authorized the temporary borrowing limit for 2023 in by-law 24-023, and there was a balance owing as at December 31, 2023 of \$Nil (2022 - \$Nil).

(ii) Other contingencies

In the normal course of its operations, the Municipality is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, the Municipality's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

(iii) Legal matters

The Municipality has been named in litigation matters, the outcome of which are undeterminable. Accordingly, no provision has been provided for these matters in these consolidated financial statements. Should any loss result from these claims, not covered by insurance, such loss would be charged to operations in the year of resolution.

(iv) Spending commitments

The Municipality has assumed and entered into certain agreements for collection, disposal and recycling of garbage.

The Municipality has entered into a commitment with the Trenton Memorial Hospital Foundation to contribute a total of \$1,000,000 over 5 years commencing in 2022. At December 31, 2023 the remaining commitment is \$600,000.

The Municipality has agreed in principle for the Natural History Museum to a total contribution of no more than \$2,000,000 in cash and up to an additional \$2,000,000 in-kind services with subsequent approval from future Councils.

The Municipality has entered into a commitment with the Bay of Quinte Regional Marketing Board after year-end to contribute a total of \$360,840 over the course of 5 years commencing in 2023.

The Municipality has entered into a commitment with the University Hospitals Kingston Foundation to contribute \$90,000 annually over 3 years commencing in 2024.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**18. RELATED PARTY TRANSACTIONS**

The City of Quinte West is related to a local non-profit organization that provides transportation services. Transactions during the year included payment of certain operating expenses totalling \$337,912 (2022 - \$353,908) and funding provided totalling \$2,647,952 (2022 - \$2,098,964). These transactions are recorded at an exchange amount that is agreed upon by both parties. At year-end there is funding payable of \$111,856 (2022 - \$Nil) and reimbursement of expenses receivable of \$50,920 (2022 - \$48,980).

**19. BUDGET AMOUNTS**

The 2023 budget adopted by Council was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector accounting standards now require a full accrual basis. The budget figures treated all tangible capital expenditures as expenses. As a result, the budget figures presented in the consolidated statement of operations and consolidated change in net debt represent the budget adopted by Council with adjustments as follows:

	<b>2023 budget adopted by Council \$</b>	<b>Non TCA expenditures from capital \$</b>	<b>2023 budget presented in statements \$</b>
<b>Revenue</b>			
Taxes levied for own purposes	64,378,752	-	64,378,752
Taxes from other governments	10,189,522	-	10,189,522
User fees	26,332,129	-	26,332,129
Grants	11,475,778	-	11,475,778
Other	5,690,830	-	5,690,830
	<b>118,067,011</b>	<b>-</b>	<b>118,067,011</b>

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**19. BUDGET AMOUNTS - Cont'd**

	2023 budget adopted by Council \$	Non TCA expenditures from capital \$	2023 budget presented in statements \$
<b>Expenditures</b>			
General government	13,835,398	79,838	13,915,236
Protection services	18,762,600	214,206	18,976,806
Transportation services	26,690,705	49,921	26,740,626
Environmental services	22,658,450	109,666	22,768,116
Health services	4,903,100	-	4,903,100
Social and family services	8,389,000	-	8,389,000
Recreation and cultural services	10,241,801	49,978	10,291,779
Planning and development	1,994,300	-	1,994,300
	<b>107,475,354</b>	<b>503,609</b>	<b>107,978,963</b>
<b>Annual surplus (deficit)</b>	<b>10,591,657</b>	<b>(503,609)</b>	<b>10,088,048</b>
Capital expenditures	(52,320,850)	503,609	(51,817,241)
Transfers from (to) reserve/reserve funds	14,936,943	-	
Debt proceeds	15,065,400	-	
Debt repayment	(6,417,750)	-	
<b>Budget use of prior year surplus</b>	<b>(18,144,600)</b>	<b>-</b>	
General levy surplus	14,094,600	-	
Area rating surplus	-	-	
Water and sewer surplus	3,815,000	-	
Library surplus	235,000	-	
	-	-	

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**20. TANGIBLE CAPITAL ASSETS**

	General Assets					Infrastructure Assets							
	Land \$	Land Improvements \$	Buildings \$	Equipment \$	Furniture & Fixtures & Equipment \$	Computer Hardware & Software \$	Land \$	Buildings \$	Equipment \$	Road Network \$	Water & Sewer Network \$	Work in Progress \$	2023 \$
Cost, Beginning of year	8,177,265	16,164,301	106,195,350	15,816,816	1,479,226	1,763,229	214,594	98,121,270	23,738,384	460,064,901	117,304,106	3,400,552	852,439,994
Additions	-	2,087,755	1,124,230	661,358	445,519	556,149	-	2,105,693	1,014,909	12,285,544	3,918,501	13,695,655	37,895,313
Disposals	-	(255,821)	(479,255)	(346,590)	(284,075)	(333,461)	-	(1,573,817)	(336,147)	(6,960,198)	(208,344)	-	(10,777,708)
Internal Transfers	-	-	105,654	6,233	-	352,165	-	1,512,300	27,751	63,988	-	(2,068,091)	-
<b>Cost, End of Year</b>	<b>8,177,265</b>	<b>17,996,235</b>	<b>106,945,979</b>	<b>16,137,817</b>	<b>1,640,670</b>	<b>2,338,082</b>	<b>214,594</b>	<b>100,165,446</b>	<b>24,444,897</b>	<b>465,454,235</b>	<b>121,014,263</b>	<b>15,028,116</b>	<b>879,557,599</b>
Accumulated Dep'n Beginning of Year	-	6,153,713	26,690,723	8,910,305	1,020,805	782,845	-	31,313,030	11,704,679	308,801,015	45,320,838	-	440,697,953
Amortization	-	940,841	2,682,144	980,949	182,232	281,709	-	2,947,368	1,262,003	8,886,141	1,577,636	-	19,741,023
Disposals	-	(83,142)	(332,832)	(335,158)	(284,075)	(302,648)	-	(524,433)	(300,295)	(6,082,254)	(115,009)	-	(8,359,846)
<b>Accumulated Dep'n End of Year</b>	<b>-</b>	<b>7,011,412</b>	<b>29,040,035</b>	<b>9,556,096</b>	<b>918,962</b>	<b>761,906</b>	<b>-</b>	<b>33,735,965</b>	<b>12,666,387</b>	<b>311,604,902</b>	<b>46,783,465</b>	<b>-</b>	<b>452,079,130</b>
<b>Net Book Value Beginning of Year</b>	<b>8,177,265</b>	<b>10,010,588</b>	<b>79,504,627</b>	<b>6,906,511</b>	<b>458,421</b>	<b>980,384</b>	<b>214,594</b>	<b>66,808,240</b>	<b>12,033,705</b>	<b>151,263,886</b>	<b>71,983,268</b>	<b>3,400,552</b>	<b>411,742,041</b>
<b>Net Book Value End of Year</b>	<b>8,177,265</b>	<b>10,984,823</b>	<b>77,905,944</b>	<b>6,581,721</b>	<b>721,708</b>	<b>1,576,176</b>	<b>214,594</b>	<b>66,429,481</b>	<b>11,778,510</b>	<b>153,849,333</b>	<b>74,230,798</b>	<b>15,028,116</b>	<b>427,478,469</b>

Included in additions above are \$2,057,276 of additions relating to asset retirement obligations.



**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**20. TANGIBLE CAPITAL ASSETS - (Cont'd)**

	General Assets					Infrastructure Assets							
	Land	Land Improvements	Buildings	Equipment	Furniture Fixtures & Equipment	Computer Hardware & Software	Land	Buildings	Vehicles & Rollings Equipment	Road Network	Water & Sewer Network	Work in Progress	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost, Beginning of year	7,957,144	13,281,706	103,885,675	13,810,033	1,444,785	1,972,311	214,594	96,046,657	21,260,151	453,132,338	110,927,253	6,546,211	830,478,858
Additions	220,121	2,779,407	2,434,881	1,476,513	184,919	131,010	-	1,213,407	3,360,325	10,967,310	2,966,242	2,773,847	28,507,982
Disposals	-	-	(381,903)	(342,858)	(150,478)	(340,092)	-	(256,778)	(963,403)	(4,034,747)	(76,587)	-	(6,546,846)
Internal Transfers	-	103,188	256,697	873,128	-	-	-	1,117,984	81,311	-	3,487,198	(5,919,506)	-
<b>Cost, End of Year</b>	<b>8,177,265</b>	<b>16,164,301</b>	<b>106,195,350</b>	<b>15,816,816</b>	<b>1,479,226</b>	<b>1,763,229</b>	<b>214,594</b>	<b>98,121,270</b>	<b>23,738,384</b>	<b>460,064,901</b>	<b>117,304,106</b>	<b>3,400,552</b>	<b>852,439,994</b>
Accumulated Dep'n Beginning of Year	-	5,502,190	24,313,381	8,314,093	1,011,258	886,842	-	28,870,095	11,397,453	303,488,897	43,866,186	-	427,650,395
Amortization	-	651,523	2,629,025	939,070	160,025	236,095	-	2,618,080	1,207,717	8,888,938	1,521,791	-	18,852,264
Disposals	-	-	(251,683)	(342,858)	(150,478)	(340,092)	-	(175,145)	(900,491)	(3,576,820)	(67,139)	-	(5,804,706)
<b>Accumulated Dep'n End of Year</b>	<b>-</b>	<b>6,153,713</b>	<b>26,690,723</b>	<b>8,910,305</b>	<b>1,020,805</b>	<b>782,845</b>	<b>-</b>	<b>31,313,030</b>	<b>11,704,679</b>	<b>308,801,015</b>	<b>45,320,838</b>	<b>-</b>	<b>440,697,953</b>
<b>Net Book Value Beginning of Year</b>	<b>7,957,144</b>	<b>7,779,516</b>	<b>79,572,294</b>	<b>5,495,940</b>	<b>433,527</b>	<b>1,085,469</b>	<b>214,594</b>	<b>67,176,562</b>	<b>9,862,698</b>	<b>149,643,441</b>	<b>67,061,067</b>	<b>6,546,211</b>	<b>402,828,463</b>
<b>Net Book Value End of Year</b>	<b>8,177,265</b>	<b>10,010,588</b>	<b>79,504,627</b>	<b>6,906,511</b>	<b>458,421</b>	<b>980,384</b>	<b>214,594</b>	<b>66,808,240</b>	<b>12,033,705</b>	<b>151,263,886</b>	<b>71,983,268</b>	<b>3,400,552</b>	<b>411,742,041</b>



**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**20. TANGIBLE CAPITAL ASSETS - (Cont'd)**

The net book value of tangible capital assets not being amortized because they are under construction is \$15,028,116 (2022 - \$3,400,552).

Assets contributed to the Municipality in 2023, consisting of road network and water & sewer network, had a fair market value of \$5,140,241 (2021 - \$3,600,776). They have been capitalized at their fair market value.

The Municipality holds various works of art and historical treasures pertaining to the heritage and history of the Corporation of the City of Quinte West. These items are not recognized as tangible capital assets in the consolidated financial statements because a reasonable estimate of the future economic benefits associated with such property cannot be made.

**21. WRITE-DOWN OF LAND HELD FOR RESALE**

During the prior year, the Municipality determined that the net realizable value of a portion of the land held for resale was lower than cost. As such, there was a write-down of land held for resale during the prior year of \$642,623. There was no write-down in the current year.

**22. SEGMENTED INFORMATION**

The Corporation of the City of Quinte West is a municipal government institution that provides a wide range of services to its citizens. Municipality services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenditures represent both amount 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. Taxes, payments-in-lieu of taxes and unconditional government transfers are apportioned based on each segment's net budget requirements.

The nature of the segments and the activities they encompass are as follows:

General government:

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

Protection to persons and property:

Protection includes fire, policy and emergency control and protective inspection.



**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**22. SEGMENTED INFORMATION - (Cont'd)**

Transportation services:

The activities of the transportation services department include the construction and maintenance of the Municipality's roads and bridges, winter control, street lighting and transit services.

Environmental services:

The environmental services department looks after the Municipality's water and wastewater operations as well as garbage collection and disposal.

Health services:

This service is provided through the local health unit and also encompasses costs associated with operating abandoned cemeteries within the Municipality.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**22. SEGMENTED INFORMATION - (Cont'd)**

2023	General Government \$	Protection to Persons and Property \$	Transportation Services \$	Environment Services \$	Health Services \$	Social and Family Services \$	Recreational and Cultural Services \$	Planning and Development \$	2023 Total \$
<b>REVENUE</b>									
Tax Revenue Distributed	7,584,261	16,099,982	20,972,509	(2,580,656)	5,029,313	8,289,966	8,294,884	849,948	64,540,207
PIL Revenue Distributed	344,457	644,120	5,011,341	2,853,086	-	-	1,344,599	-	10,197,603
Penalty and Interest on Tax	22,571	42,206	328,370	186,950	-	-	88,105	-	668,202
OMPF Distributed	-	-	-	-	-	-	-	-	-
User Fees	(1,262)	1,047,487	151,769	20,970,134	-	-	1,885,223	374,845	24,428,196
Grants	4,495,344	1,073,973	6,262,922	622,816	-	-	90,076	3,365	12,548,496
Developer Contributions	55,223	64,835	3,465,043	2,818,021	-	-	129,562	-	6,532,684
Other Revenue	575,408	176,536	266,361	2,018,878	-	-	499,076	26,179	3,562,438
Interest Revenue	886,701	-	8,186	415,959	-	-	47,665	-	1,358,511
Gain (loss) on disposition of assets	197,722	-	(2,789,110)	-	-	-	-	464,599	(2,126,789)
	<b>14,160,425</b>	<b>19,149,139</b>	<b>33,677,391</b>	<b>27,305,188</b>	<b>5,029,313</b>	<b>8,289,966</b>	<b>12,379,190</b>	<b>1,718,936</b>	<b>121,709,548</b>
<b>EXPENSES</b>									
Salaries and Benefits	8,312,645	5,425,349	6,510,954	4,007,872	230,000	-	4,365,663	1,159,621	30,012,104
Materials, Supplies and Services	557,689	710,239	4,013,597	3,452,362	9,717	-	1,527,325	93,639	10,364,568
Contracted Services	2,533,712	853,531	3,080,834	6,355,191	78,084	-	1,534,365	17,682	14,453,399
Interest and Financial Expenses	244,154	303,296	831,008	2,449,139	-	-	351,109	-	4,178,706
Amortization Expense	666,818	1,246,920	9,701,200	5,523,144	-	-	2,602,941	-	19,741,023
Accretion expense	2,312	4,707	903	80,151	-	-	390	-	88,463
Transfer to Other Entities	1,358,334	9,698,078	2,647,952	1,419,750	4,711,512	8,289,966	103,998	447,994	28,677,584
	<b>13,675,664</b>	<b>18,242,120</b>	<b>26,786,448</b>	<b>23,287,609</b>	<b>5,029,313</b>	<b>8,289,966</b>	<b>10,485,791</b>	<b>1,718,936</b>	<b>107,515,847</b>
<b>SURPLUS</b>	<b>484,761</b>	<b>907,019</b>	<b>6,890,943</b>	<b>4,017,579</b>	<b>-</b>	<b>-</b>	<b>1,893,399</b>	<b>-</b>	<b>14,193,701</b>

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**22. SEGMENTED INFORMATION - (Cont'd)**

2022	General Government \$	Protection to Persons and Property \$	Transportation Services \$	Environment Services \$	Health Services \$	Social and Family Services \$	Recreational and Cultural Services \$	Planning and Development \$	2022 Total \$
<b>REVENUE</b>									
Tax Revenue Distributed	8,859,700	15,601,620	16,385,057	(2,419,607)	4,532,064	7,826,270	7,568,771	1,166,878	59,520,753
PIL Revenue Distributed	334,544	620,741	4,929,381	2,490,855	-	-	1,201,067	-	9,576,588
Penalty and Interest on Tax	22,006	40,832	324,254	163,848	-	-	79,006	-	629,946
User Fees	27,917	1,169,834	155,082	20,456,415	-	-	1,724,215	436,150	23,969,613
Grants	1,552,075	652,988	7,787,483	1,064,787	-	-	145,045	932	11,203,310
Developer Contributions	-	65,791	2,606,353	1,830,008	-	-	109,775	-	4,611,927
Other Revenue	698,262	316,261	243,398	195,259	-	-	373,196	17,489	1,843,865
Interest Revenue	910,279	-	4,096	211,368	-	-	21,985	-	1,147,728
Gain (loss) on disposition of assets	504,106	-	(1,426,501)	-	-	-	-	78,806	(843,589)
	12,908,889	18,468,067	31,008,603	23,992,933	4,532,064	7,826,270	11,223,060	1,700,255	111,660,141
<b>EXPENSES</b>									
Salaries and Benefits	7,397,861	5,167,901	6,203,895	3,602,949	105,000	-	4,079,859	1,141,470	27,698,935
Materials, Supplies and Services	611,251	617,160	4,165,888	3,124,067	3,427	-	1,562,629	95,583	10,180,005
Contracted Services	2,451,210	884,508	2,977,490	6,295,590	54,903	-	1,484,419	42,826	14,190,946
Interest and Financial Expenses	193,365	320,734	886,823	2,448,719	-	-	398,054	-	4,247,695
Amortization Expense	658,577	1,221,977	9,703,873	4,903,443	-	-	2,364,394	-	18,852,264
Transfer to Other Entities	1,250,716	9,613,052	2,098,964	1,039,053	4,368,734	7,826,270	90,081	420,376	26,707,246
	12,562,980	17,825,332	26,036,933	21,413,821	4,532,064	7,826,270	9,979,436	1,700,255	101,877,091
<b>SURPLUS</b>	345,909	642,735	4,971,670	2,579,112	-	-	1,243,624	-	9,783,050

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**23. FINANCIAL RISKS AND CONCENTRATION OF RISK**

The Municipality has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, market (other price) risk, interest rate risk and liquidity risk. Other price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

**Credit Risk**

Credit risk is the risk of financial loss if a debtor fails to make payments of interest and principal when due.

The Municipality is exposed to this risk relating to its accounts receivable. Accounts receivable are short-term in nature and are not subject to material credit risk. The maximum exposure to credit risk and concentration of this risk are limited to the carrying value of these instruments.

There have been no significant changes from the previous period in the exposure to risk or policies used to measure risk.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk, and equity risk.

**Currency Risk**

Currency risk relates to the Municipality operating in different currencies and converting non-Canadian revenue at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The Municipality holds marketable securities that are denominated in a foreign currency, and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The marketable securities are of a short-term nature and management does not believe they represent a significant risk to the Municipality. The Municipality does not currently use derivative instruments to reduce its exposure to foreign currency risk.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure this risk.

**CORPORATION OF THE CITY OF QUINTE WEST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**23. FINANCIAL RISKS AND CONCENTRATION OF RISK - (Cont'd)**

**Interest Rate Risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Municipality is exposed to interest rate risk through its interest-bearing investments. As prevailing interest rates increase or decrease, the market value of the interest-bearing investments will change. The Municipality is also exposed to interest rate risk through its credit facility discussed in Note 15 to these consolidated financial statements. As at year end, the interest rate risk from this credit facility is not significant, as it is not being utilized.

The Municipality is also exposed to interest rate risk on its loans payable with a carrying value of \$119,688,213 (2022 - \$111,367,302), as detailed in Note 13 to these consolidated financial statements. Changes in the market rate of interest will affect the fair market value of the loans payable. This risk is mitigated as the Municipality's maturity dates on these loans payable are spread out over several years and the Municipality's intention is to hold these instruments to maturity.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**Equity Risk**

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Municipality is exposed to this risk through its equity holdings within its investment portfolio. The Municipality mitigates this risk by monitoring the investment portfolio on a monthly basis.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**Liquidity Risk**

Liquidity risk is the risk that the Municipality will not be able to meet all cash outflow obligations as they come due. The Municipality mitigates this risk by monitoring cash activities and expected outflows.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**24. COMPARATIVE FIGURES**

In order to conform with the consolidated financial statement presentation adopted for the current year, certain elements of the comparative figures have been regrouped.