

**CORPORATION OF THE CITY OF QUINTE WEST
WATER SUPPLY AND WASTE WATER SYSTEM
MUNICIPAL ENTERPRISE
SUPPLEMENTARY FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023**

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, 2023 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
May 10, 2024

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, 2023, 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
May 10, 2024

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, 2023**

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	10,473,768	3,456,707
Accounts receivable	2,291,532	3,367,211
Due from the City of Quinte West	3,055,971	4,321,416
Unbilled revenue	1,525,275	1,454,553
	17,346,546	12,599,887
LIABILITIES		
Accounts payable and accrued liabilities	3,274,658	2,113,125
Asset retirement obligation	233,159	-
Long-term debt	68,332,812	59,229,880
	71,840,629	61,343,005
Net debt	(54,494,083)	(48,743,118)
NON-FINANCIAL ASSETS		
Tangible capital assets	154,330,335	144,508,858
Prepaid expenses	37,156	104
	154,367,491	144,508,962
MUNICIPAL POSITION		
Accumulated Surplus	99,873,408	95,765,844

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, 2023**

	Budget (Unaudited) 2023 \$	Actual 2023 \$	Actual 2022 \$
REVENUES			
User fees			
Water	9,386,000	8,969,801	8,783,402
Sewer	10,767,000	10,316,382	10,094,208
Grants	2,452,855	622,816	1,064,787
Other:			
Developer contributions	1,036,800	2,807,961	1,830,008
Other	712,100	923,265	821,085
Loss on disposal of tangible capital assets	-	(1,144,832)	(91,596)
	<u>24,354,755</u>	<u>22,495,393</u>	<u>22,501,894</u>
EXPENDITURES			
Administration	5,235,386	4,808,485	4,709,981
Amortization and accretion	3,815,000	4,866,475	4,479,580
Water treatment plant	2,920,344	2,749,104	2,533,649
Water distribution	1,543,650	1,400,738	1,224,758
Water meter service	281,100	302,660	321,657
Sewage treatment plant	3,850,725	3,934,448	3,742,714
Sanitary sewer maintenance	409,000	232,946	256,536
Lateral rodding maintenance	45,600	92,972	27,432
	<u>18,100,805</u>	<u>18,387,828</u>	<u>17,296,307</u>
ANNUAL SURPLUS	<u>6,253,950</u>	<u>4,107,565</u>	<u>5,205,587</u>
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<u>95,765,843</u>	<u>95,765,843</u>	<u>90,560,256</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>102,019,793</u>	<u>99,873,408</u>	<u>95,765,843</u>

**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, 2023**

	2023 \$	2022 \$
OPERATING TRANSACTIONS		
Annual surplus	4,107,565	5,205,587
Adjustment for items which do not affect cash -		
Amortization of tangible capital assets	4,866,475	4,479,580
Loss on disposal	1,144,832	91,596
	<u>10,118,872</u>	<u>9,776,763</u>
Changes in the level of:		
Decrease (increase) in accounts receivable	1,075,679	(1,455,754)
Increase in unbilled revenue	(70,722)	(98,436)
Decrease (increase) in prepaid expenses	(37,052)	27,063
Decrease in due from City of Quinte West	1,265,445	(334,111)
Decrease in accounts payable and accrued liabilities	1,161,533	(129,829)
	<u>13,513,755</u>	<u>7,785,696</u>
CASH PROVIDED BY OPERATING TRANSACTIONS		
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(15,599,626)	(6,970,206)
Proceeds on disposal of tangible capital assets	-	638
	<u>(15,599,626)</u>	<u>(6,969,568)</u>
CASH USED IN CAPITAL TRANSACTIONS		
FINANCING TRANSACTIONS		
Issuance of municipal debt	11,440,000	-
Repayment of municipal debt	(2,337,068)	(2,310,713)
	<u>9,102,932</u>	<u>(2,310,713)</u>
CASH APPLIED TO FINANCING ACTIVITIES		
INCREASE (DECREASE) IN CASH	7,017,061	(1,494,585)
OPENING CASH	3,456,707	4,951,292
CLOSING CASH	10,473,768	3,456,707
REPRESENTED BY:		
Cash	10,473,768	3,456,707

**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, 2023**

	Budget (Unaudited)		
	2023	2023	2022
	\$	\$	\$
Annual surplus	6,253,950	4,107,565	5,205,587
Acquisition of tangible capital assets	(29,888,044)	(15,599,626)	(6,970,206)
Amortization of tangible capital assets	3,815,000	4,866,475	4,479,580
Loss on disposal of tangible capital assets	-	1,144,832	91,596
Proceeds on sale of tangible capital assets	-	-	638
Change in prepaid expenses	-	(37,052)	27,063
Increase in net debt	(19,819,094)	(5,517,806)	2,834,258
Adjustment for asset retirement obligation	-	(233,159)	-
Net debt - beginning of year	(48,743,118)	(48,743,118)	(51,577,376)
Net debt - end of year	(68,562,212)	(54,494,083)	(48,743,118)

**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, 2023**

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
- Asset retirement obligation based on estimated future expenses
- Prepaid expenses and operating costs
- Unbilled revenue
- Long-term debt