

Consolidated Financial Statements of

**THE CORPORATION
OF THE COUNTY OF
PRINCE EDWARD**

Year ended December 31, 2022

Consolidated Financial Statements of

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Year ended December 31, 2022

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

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Management’s Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the County of Prince Edward (the “County”) are the responsibility of the County’s management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of 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.

The County’s management maintains a system of internal controls 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. These systems are monitored and evaluated by management.

The Audit Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the County. The accompanying Independent Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the County’s consolidated financial statements.

Marcia Wallace
Chief Administrative Officer

Amanda Carter
Director of Finance



KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
Canada
Tel 613-549-1550
Fax 613-549-6349

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Prince Edward

Opinion

We have audited the consolidated financial statements of the Corporation of the County of Prince Edward (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

September 26, 2023

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 45,914,727	\$ 47,917,324
Taxes receivable	3,422,605	2,664,959
Trade and other receivables (note 5)	7,120,125	5,553,974
Long-term investments	55,763	55,763
	<u>56,513,220</u>	<u>56,192,020</u>
Financial liabilities:		
Temporary borrowing (note 4)	13,166,064	11,468,732
Accounts payable and accrued liabilities	19,014,897	14,004,780
Prepaid property taxes (note 6)	2,315,019	2,191,205
Employee future benefit liabilities (note 15)	548,904	565,781
Solid waste landfill closure and post-closure liabilities (note 7)	1,535,371	1,277,350
Deferred revenue	975,484	2,127,658
Deferred obligatory reserve funds (note 8)	12,713,196	14,795,402
Long-term debt (note 9)	35,877,328	38,495,078
	<u>86,146,263</u>	<u>84,925,986</u>
Net debt	(29,633,043)	(28,733,966)
Non-financial assets:		
Tangible capital assets (note 10)	255,552,491	241,149,288
Inventory (note 11)	3,036,724	3,270,079
Prepaid expenses and deposits	155,045	87,580
	<u>258,744,260</u>	<u>244,506,947</u>
Contingent liabilities (note 16)		
Commitments (note 19)		
Accumulated surplus (note 12)	\$ 229,111,217	\$ 215,772,981

The accompanying notes are an integral part of these consolidated financial statements.

Approved by Council:

_____ Steve Ferguson, Mayor

_____ Catalina Blumenberg, Clerk

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 21)	Actual 2022	Actual 2021
Revenue:			
Net taxes available for municipal purposes	\$ 45,372,312	\$ 45,141,656	\$ 42,899,194
User fees and sale of goods and services	18,077,260	20,882,344	18,397,802
Government grants	10,672,885	12,727,536	11,955,245
Investment income	124,165	948,977	186,831
Fines and penalties	1,313,000	1,128,406	998,839
Donations	41,700	1,706,628	211,363
Total revenue	75,601,322	82,535,547	74,649,274
Expenses (note 18):			
General government	8,346,090	8,129,593	6,996,051
Protection services	10,440,528	10,568,657	10,209,750
Transportation services	17,230,061	18,354,091	15,891,388
Environmental services	13,895,890	14,383,468	13,314,737
Health services	4,094,615	3,965,162	3,907,033
Social and family services	8,503,367	9,589,403	8,842,189
Social housing	1,293,700	1,308,011	913,273
Recreation and cultural services	7,427,394	7,801,236	6,855,035
Planning and development	3,187,045	3,846,628	3,028,503
Total expenses	74,418,690	77,946,249	69,957,959
Annual surplus before capital items	1,182,632	4,589,298	4,691,315
Other income (expense) related to capital:			
Government transfers:			
Federal capital grants	–	4,017,428	95,605
Provincial capital grants	–	68,518	293,995
Contributions from others	–	99,904	833,051
Revenue from deferred obligatory reserve funds	6,260,781	4,618,451	2,972,215
Loss on disposal of tangible capital assets	–	(55,363)	(834,585)
	6,260,781	8,748,938	3,360,281
Annual surplus	7,443,413	13,338,236	8,051,596
Accumulated surplus, beginning of year	215,772,981	215,772,981	207,721,385
Accumulated surplus, end of year	\$ 223,216,394	\$ 229,111,217	\$ 215,772,981

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Consolidated Statement of Change in Net Debt

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 21)		
Annual surplus	\$ 7,443,413	\$ 13,338,236	\$ 8,051,596
Amortization of tangible capital assets	10,917,214	11,028,424	10,344,608
Acquisition of tangible capital assets	(18,576,613)	(25,486,990)	(12,385,460)
Loss on disposal of tangible capital assets	–	55,363	834,585
Change in inventory	–	233,355	(96,349)
Change in prepaid expenses and deposits	–	(67,465)	184,925
	(7,659,399)	(14,237,313)	(1,117,691)
Increase (decrease) in net debt	(215,986)	(899,077)	6,933,905
Net debt, beginning of year	(28,733,966)	(28,733,966)	(35,667,871)
Net debt, end of year	\$ (28,949,952)	\$ (29,633,043)	\$ (28,733,966)

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities:		
Annual surplus	\$ 13,338,236	\$ 8,051,596
Items not involving cash:		
Amortization of tangible capital assets	11,028,424	10,344,608
Loss on disposal of tangible capital assets	55,363	834,585
Solid waste landfill closure and post-closure liabilities	258,021	46,003
Change in employee future benefit liabilities	(16,877)	(37,113)
Change in non-cash assets and liabilities:		
Taxes receivable	(757,646)	2,758,750
Trade and other receivables	(1,566,151)	2,961,752
Prepaid expenses and deposits	(67,465)	184,925
Inventory	233,355	(96,349)
Accounts payable and accrued liabilities	5,010,117	(1,237,672)
Prepaid property taxes	123,814	270,541
Deferred revenue	(1,152,174)	601,936
Deferred obligatory reserve funds	(2,082,206)	3,285,007
Net change in cash from operating activities	24,404,811	27,968,569
Capital activities:		
Acquisition of tangible capital assets	(25,486,990)	(12,385,460)
Net change in cash from capital activities	(25,486,990)	(12,385,460)
Financing activities:		
Proceeds from long-term debt	27,320	—
Proceeds from temporary borrowing	1,697,332	11,468,732
Repayment of long-term debt	(2,645,070)	(2,580,662)
Net change in cash from financing activities	(920,418)	8,888,070
Increase (decrease) in cash	(2,002,597)	24,471,179
Cash, beginning of year	47,917,324	23,446,145
Cash, end of year	\$ 45,914,727	\$ 47,917,324

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements

Year ended December 31, 2022

The Corporation of the County of Prince Edward is a municipality in the Province of Ontario, Canada and operates under the provisions of the Ontario Municipal Act.

1. Significant accounting policies:

The consolidated financial statements of The Corporation of the County of Prince Edward (the "County") are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenue and expenses of the County and include the activities of all committees of Council which are owned or controlled by the County.

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

These consolidated financial statements include:

The County of Prince Edward Public Library Board

Picton Business Improvement Area Board of Management

The Prince Edward County Cultivation Corporation

The Prince Edward County Affordable Housing Corporation

Proportionate consolidation:

Centre and South Hastings Waste Services Board is accounted for using the proportionate consolidation method of accounting and reporting, whereby the County's pro-rata share of each of the assets, liabilities, revenue and expenses is combined on a line-by-line basis in the consolidated financial statements.

(ii) Trust funds and their related operations administered by the County are not consolidated, but are reported separately on the "Trust Funds Statements of Financial Position and Financial Activities".

(iii) Non-consolidated entities:

The following local boards are not consolidated:

The Hastings and Prince Edward Counties Health Unit.

Visit the County

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iv) Accounting for school board transactions:

Taxation and other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements. Taxation collected on behalf of the school boards and transferred to the school boards during the year is reported in note 13 to these consolidated financial statements.

(b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the year it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Deferred revenue:

The County receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

(d) Deferred obligatory reserve funds:

The County receives restricted contributions under the authority of provincial legislation and Municipal by-laws. These funds by their nature are restricted in their use, and until applied to applicable expenses, are recorded as deferred revenue. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that they are expended.

(e) Investments:

Investments are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on available general funds, reserve funds (other than obligatory funds) are reported as revenue in the period earned.

(f) Government transfers:

Government transfers are recognized as revenue or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(g) Taxation and related revenues:

Property tax billings are prepared by the County based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by County Council incorporating amounts to be raised for local services and amounts the County is required to collect on behalf of the school boards.

Property tax revenue is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

(h) Employee future benefits:

The County provides post-employment benefits to its employees as well as benefits to employees on long-term disability leave. The cost of post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs. Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, are amortized over the average remaining service life of the related employee groups.

(i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

(i) 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, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	20 to 40
Buildings	20 to 50
Leasehold improvements	10
Vehicles	5 to 20
Computer hardware and software	5 to 10
Equipment	5 to 30
Plant and facilities	20 to 50
Roads	5 to 50
Underground and other networks	15 to 80
Bridges and other structures	40 to 75

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Annual amortization is charged in the first year after acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

(iii) Works of art:

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts, are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

(iv) Impairment:

When conditions indicate that a tangible capital asset no longer contributes to the County's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

(j) Inventory:

Inventory held for consumption is recorded at the lower of cost and replacement cost.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. Contributions to consolidated joint boards:

Further to note 1(a)(i), the County paid \$713,345 (2021 - \$660,928) to Centre & South Hastings Waste Services Board for recycling services.

3. Bank indebtedness:

The County has an operating line of credit of \$5 million at an interest rate of prime less 0.25%. As at December 31, 2022, \$Nil (2021 - \$Nil) was drawn.

4. Temporary borrowing:

The County has arranged bridge funding for a number of capital projects through the Ontario Infrastructure and Lands Corporation (OILC). This loan has a borrowing capacity of \$21,402,870, bears interest at the lender's prime rate and is due on demand until such time that the related capital projects are completed and the loan is converted into a fixed term debenture. As at December 31, 2022, \$13,166,064 (2021 - \$11,468,732) was outstanding.

5. Trade and other receivables:

	2022	2021
Accounts receivable	\$ 4,758,362	\$ 4,737,724
HST receivable	2,361,763	816,250
Balance, end of year	\$ 7,120,125	\$ 5,553,974

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Prepaid property taxes:

As a service to landowners, the County offers a monthly payment plan for property tax billings. The plan is set up such that the annual bill is paid by the end of September. As the billings are spread over the full twelve-month period, this leads to a prepayment of the subsequent year tax billings that is credited to the land-owner account. These amounts reverse to net taxation revenue annually.

7. Solid Waste landfill and post closure liabilities:

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The estimated liability for these expenditures is recognized based on the cumulative capacity used to date, compared to the total estimated landfill capacity.

The remaining life for the landfill sites is estimated to be over 125 years for Ameliasburgh, 57 years for Hillier, 26 years for South Marysburgh and 6 years from when the site becomes active again for the Wellington site. Post-closure care is estimated to continue for a period of approximately 25 years.

Reserves set aside for landfill site closure and post-closure requirements amounted to \$1,523,673 at December 31, 2022 (2021 - \$1,523,673).

	Remaining capacity (cubic meters)	Liability December 31, 2022	Liability December 31, 2021
Ameliasburgh	98,021	\$ 56,749	\$ 72,727
Hillier	42,757	281,442	192,873
South Marysburgh	32,843	475,798	302,348
Wellington	8,150	721,382	709,402
		\$ 1,535,371	\$ 1,277,350

Landfill site closure and post-closure care requirements include final cover and vegetation, and monitoring of leachate, gas, and ground and surface water.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. Deferred obligatory reserves funds:

The balance of deferred obligatory reserve funds consists of the following:

	Balance December 31, 2021	Additions	Transferred to income	Balance December 31, 2022
Externally restricted:				
Parkland	\$ 788,367	\$ 116,053	\$ (98,596)	\$ 805,824
Parking	115,835	2,972	–	118,807
Development charges	5,108,172	1,763,271	(605,665)	6,265,778
Gasoline tax - Federal	6,348,270	1,751,900	(3,621,801)	4,478,369
Building services	587,150	133,679	–	720,829
Water/sewer operations	315,493	8,096	–	323,589
OCIF	1,532,115	2,429,260	(3,961,375)	–
Total	\$14,795,402	\$ 6,205,231	\$(8,287,437)	\$12,713,196

9. Long-term debt:

The balance of long-term debt consists of the following:

	2022	2021
Bank of Montreal - repayable by monthly payments of \$14,354, interest at a rate of 4.88%, with a maturity date of December 31, 2023	\$ 164,914	\$ 323,368
Bank of Montreal - repayable by monthly payments of \$10,058, interest at a rate of 3.75%, with a maturity date of December 31, 2023	118,388	232,302
Federation of Canadian Municipalities loan bears interest at 2.0%, payable in semi-annual payments of \$304,543 with maturity date of October 2, 2023	5,495,836	5,987,641
Bank of Montreal - repayable by monthly payments of \$5,842, interest at a rate of 4.35%, with a maturity date of December 31, 2024	131,609	194,382
Infrastructure Ontario loan bears interest at 3.51%, payable in semi-annual payments of \$87,508 with maturity date of July 3, 2032	1,465,304	1,585,710
Infrastructure Ontario loan bears interest at 3.51%, payable in semi-annual payments of \$242,335 with maturity date of July 3, 2032	4,057,822	4,391,259
Balance forward	11,433,873	12,714,662

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Long-term debt (continued):

	2022	2021
Balance carried	\$ 11,433,873	\$ 12,714,662
Infrastructure Ontario loan bears interest at 4.22%, payable in semi-annual payments of \$286,938 with maturity date of October 1, 2033	5,008,746	5,360,093
Infrastructure Ontario loan bears interest at 3.52%, payable in semi-annual payments of \$44,318 with maturity date of September 1, 2047	1,465,575	1,501,666
Infrastructure Ontario loan bears interest at 3.52%, payable in semi-annual payments of \$44,750 with maturity date of September 1, 2047	1,479,861	1,516,304
Infrastructure Ontario loan bears interest at 3.52%, payable in semi-annual payments of \$82,569 with maturity date of September 1, 2047	2,730,554	2,797,797
Infrastructure Ontario loan bears interest at 3.52%, payable in semi-annual payments of \$129,822 with maturity date of September 1, 2047	4,293,208	4,398,932
Infrastructure Ontario loan bears interest at 3.55%, payable in semi-annual payments of \$85,742 with maturity date of March 1, 2049	2,929,386	2,995,122
Infrastructure Ontario loan bears interest at 5.32%, payable in semi-annual payments of \$78,809 with maturity date of October 1, 2049	2,244,901	2,281,620
Infrastructure Ontario loan bears interest at 1.80%, payable in semi-annual payments of \$64,444 with maturity date of Dec 15, 2035	1,488,002	1,588,743
Infrastructure Ontario loan bears interest at 2.21%, payable in semi-annual payments of \$60,119 with maturity date of Dec 15, 2045	2,158,866	2,230,208
Infrastructure Ontario loan bears interest at 1.46%, payable in semi-annual payments of \$41,001 with maturity date of Dec 15, 2030	617,036	689,237
Canada Mortgage and Housing	27,320	–
Balance forward	35,877,328	38,074,384

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Long-term debt (continued):

	2022	2021
Balance carried	\$ 35,877,328	\$ 38,074,384
Bank of Montreal - repayable by monthly payments of \$3,429, interest at a rate of 3.19%, repaid in 2022	–	37,110
Bank of Montreal - repayable by monthly payments of \$13,530, interest at a rate of 3.19%, repaid in 2022	–	146,423
Infrastructure Ontario loan bears interest at 2.84%, payable in semi-annual payments of \$121,112, repaid in 2022	–	237,161
	<u>\$ 35,877,328</u>	<u>\$ 38,495,078</u>

Interest included in expenses in the Consolidated Statement of Operations relating to long-term debt totals \$1,461,281 (2021 - \$1,307,409).

Principal payments are estimated to be as follows:

2023	\$ 2,295,356
2024	2,074,921
2025	2,070,674
2026	5,151,944
2027 and thereafter	24,284,433
	<u>\$ 35,877,328</u>

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals/ Adjustments	Balance at December 31, 2022
General:				
Land	\$ 10,083,105	\$ –	\$ (499,980)	\$ 9,583,125
Land improvements	15,025,448	521,055	–	15,546,503
Building and leasehold improvements	35,917,997	435,682	(20)	36,353,659
Vehicles	18,596,443	1,087,518	(1,820,203)	17,863,758
Computer hardware and software	2,205,059	102,967	–	2,308,026
Equipment	9,753,586	1,117,649	24,964	10,896,199
Infrastructure:				
Plants and facilities	56,107,264	962,208	–	57,069,472
Roads	207,622,590	2,242,850	(1,308,093)	208,557,347
Underground and other networks	56,015,415	767,997	(62,380)	56,721,032
Bridges and other structures	12,845,616	–	–	12,845,616
Assets under construction	16,343,445	22,202,846	(3,431,303)	35,114,988
Total	\$ 440,515,968	\$ 29,440,772	\$ (7,097,015)	\$ 462,859,725

Accumulated amortization	Balance at December 31, 2021	Disposals/ Adjustments	Amortization expense	Balance at December 31, 2022
General:				
Land improvements	\$ 7,273,245	\$ –	\$ 415,535	\$ 7,688,780
Building and leasehold improvements	15,426,061	–	997,122	16,423,183
Vehicles	10,772,323	(1,904,762)	962,407	9,829,968
Computer hardware and software	1,503,569	–	205,562	1,709,131
Equipment	4,896,895	(20,471)	610,369	5,486,793
Infrastructure:				
Plants and facilities	25,370,084	–	1,471,603	26,841,687
Roads	116,029,480	(1,140,993)	5,429,504	120,317,991
Underground and other networks	14,843,520	(21,643)	732,906	15,554,783
Bridges and other structures	3,251,502	–	203,416	3,454,918
Total	\$ 199,366,679	\$ (3,087,869)	\$ 11,028,424	\$ 207,307,234

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Tangible capital assets (continued):

	Net book value December 31, 2021	Net book value December 31, 2022
General:		
Land	\$ 10,083,105	\$ 9,583,125
Land improvements	7,752,203	7,857,723
Building and leasehold improvements	20,491,936	19,930,476
Vehicles	7,824,120	8,033,790
Computer hardware and software	701,490	598,895
Equipment	4,856,690	5,409,406
Infrastructure:		
Plants and facilities	30,737,180	30,227,785
Roads	91,593,110	88,239,356
Underground and other networks	41,171,895	41,166,249
Bridges and other structures	9,594,114	9,390,698
Assets under construction	16,343,445	35,114,988
Total	\$ 241,149,288	\$ 255,552,491

(a) Work-in-progress:

Assets under construction having a value of \$35,093,314 (2021 - \$16,343,445) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Works of art and historical treasures:

The County manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at County sites and public display areas, these assets are deemed worth of preservation because of the social rather than financial benefits they provide to the community.

(c) Loss on disposal of tangible capital assets:

The loss on disposal of tangible capital assets during the year was \$55,363 (2021 - \$834,585).

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

11. Inventory:

The inventory is comprised of the following:

	2022	2021
Inventory for resale	\$ 40,196	\$ 66,643
Inventory for own consumption	795,804	893,170
Gravel and sand supplies	2,200,724	2,310,266
Balance, end of year	\$ 3,036,724	\$ 3,270,079

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Accumulated surplus:

The accumulated surplus is comprised of the following:

	2022	2021
Equity in tangible capital assets	\$ 255,552,491	\$ 241,149,288
Less: related debt	(35,877,328)	(38,495,078)
Less: unfinanced capital projects	(14,292,268)	(5,536,264)
Less: temporary borrowing	(13,166,064)	(11,468,732)
	192,216,831	185,649,214
Reserves set aside for specific purpose by Council:		
Acquisition of capital assets	6,840,405	5,281,385
Solid waste landfill and post-closure	1,588,673	1,523,673
Roads construction	7,936,883	3,313,734
Recreation programs and facilities	456,544	377,617
Working capital	604,670	604,670
Contingencies	6,613,150	6,431,420
Protection services	173,592	3,481
Water and sewer systems	6,762	6,762
Planning and development	981,361	939,246
Business Improvement Area	12,652	12,652
Social services	56,371	56,371
Pits and quarries	98,529	98,529
Cemetery maintenance	3,000	3,000
Total reserves	25,372,592	18,652,540
Reserve funds set aside for specific purpose by Council:		
Acquisition of capital assets	91,335	89,050
Roads construction	506,783	494,105
Recreation programs and facilities	75,473	83,085
Water and sewer systems	11,603,297	9,685,478
Cemetery maintenance	177,517	167,096
Parking	(9,150)	76,307
Lot levies	4,354	4,245
Total reserve funds	12,449,609	10,599,366
Total reserves and reserve funds	37,822,201	29,251,906
Amounts to be recovered:		
Landfill closure and post-closure costs	(1,535,371)	(1,277,350)
Employee future benefits (note 1(h))	(548,904)	(565,781)
Unrestricted surplus:		
The County of Prince Edward	71,412	1,363,754
The County of Prince Edward Public Library Board	428,083	663,981
Centre & South Hastings Waste Services Board	463,294	364,731
The Prince Edward County Affordable Housing Corporation	193,671	322,526
	\$ 229,111,217	\$ 215,772,981

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Operations of school boards:

During 2022, requisitions were made by the school boards requesting the County to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	2022	2021
Amounts requisitioned	\$ 8,593,738	\$ 8,443,258

14. Pension agreements:

The County makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS) which is a multiemployer plan, on behalf of the members of its staff. As a result, the County does not recognize any share of the OMERS' pension surplus or deficit. The last available report of the OMERS plan at December 31, 2022. At that time, the plan reported \$6.7 billion actuarial deficit (2021 - \$3.1 billion). The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amounts contributed to OMERS for current service in 2022 was \$1,596,757 (2021 - \$1,381,451) for current service and are included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

15. Employee future benefit liabilities:

The County provides extended health care, dental and other benefits to its employees while in early retirement. An independent actuarial study of the post-retirement and post-employment benefits was undertaken in December 2022.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employees, which is estimated to be 13 years.

At December 31, 2022, the County's accrued benefit liability relating to post-employment benefits plans is \$548,904 (2021 - \$565,781).

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

15. Employee future benefit liabilities (continued):

The significant actuarial assumptions adopted in estimating the County's accrued benefit obligation are as follows:

	2022
Discount rate	4.75% per annum
Inflation rate	1.75% per annum
Salary escalation	2.75% per annum
Dental benefits escalation	3.75% per annum
Health benefits escalation	5.75% in 2022 reducing by 0.33% per year to 3.75% in 2029

Information with respect to the County's post-employment benefit obligations is as follows:

	2022	2021
Accrued benefit liability, January 1	\$ 565,781	\$ 602,894
Service cost	29,200	27,593
Benefits paid for the period	(66,593)	(86,215)
Interest cost	20,516	21,509
Accrued benefit liability, December 31	\$ 548,904	\$ 565,781

The accrued benefit obligations at December 31 includes the following components

	2022	2021
Accrued benefit obligations	\$ 565,781	\$ 602,894
Unamortized actuarial loss	(16,877)	(37,113)
Accrued benefit liability, December 31	\$ 548,904	\$ 565,781

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

16. Contingent liabilities:

- (a) As a result of arbitration awards provided in 1992, McFarland Home for the Aged employees can use the portion of accumulated sick leave benefits that have not vested to increase their income under the short-term or long-term disability plans or Workplace Safety and Insurance Board benefits to regular payroll levels.

Water department employees can use the portion of sick leave benefits accumulated to April 30, 1997 that have not vested to increase their income under the long-term disability plan to 85% of regular payroll levels, and to 100% of regular payroll levels under the short-term disability plan or Workplace Safety and Insurance Board benefits.

These amounts are not available for cash payment and are forfeited upon retirement.

The contingent liability for these accumulated days amounted to \$4,397 at December 31, 2022 (2021 - \$4,397). No amount has been accrued in the consolidated financial statements for this contingent liability.

- (b) As at December 31, 2022, certain legal actions are pending against the County. An estimate of the contingency cannot be made since the outcome of these matters cannot be determined at this time. The County carries liability insurance. Any settlement in excess of amounts which have been recorded in the accounts and insurance coverage will be accounted for as a current transaction in the year of settlement.
- (c) The County has seven open gravel pit sites which will be reclaimed in the future. The estimated future costs of reclamation have not been accrued in these consolidated financial statements as an estimate cannot be reasonably determined at this time.

17. Trust funds:

Trust funds administered by the County amounting to \$5,133,959 (2021 - \$5,151,772) have not been included in the Consolidated Statement of Financial Position nor have their operations been included on the Consolidated Statement of Operations and Accumulated Surplus. Such balances are held in trust by the County for the benefit of others and are therefore not presented as part of the County's consolidated financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

18. Supplementary information:

	Budget 2022	Actual 2022	Actual 2021
Salaries, wages and employee benefits	\$ 27,734,447	\$ 28,837,552	\$ 26,505,634
Interest on long-term debt	1,461,281	1,461,281	1,307,408
Materials and supplies	13,673,660	14,079,844	11,363,015
Contracted services and general services	17,036,842	17,083,891	16,436,281
Rents and financial services	1,145,861	1,198,106	696,812
External transfers	2,449,385	4,257,151	3,304,201
Amortization of tangible capital assets	10,917,214	11,028,424	10,344,608
	\$ 74,418,690	\$ 77,946,249	\$ 69,957,959

19. Commitments:

The County has contracts committing it to payments in future years. The following agreements existed at December 31, 2022:

- (a) At December 31, 2022, the County has outstanding capital project contractual commitments of approximately \$9,862,454 (2021 - \$5,150,220).
- (b) An agreement with the Corporation of the County of Hastings for the provision of land ambulance services. Costs will be charged on the basis of services used. Budgeted costs for 2022 are \$2,898,200 (2021 - \$2,833,870).
- (c) An agreement with the Province of Ontario for policing services. Costs will be charged on the basis of services used. Budgeted costs for 2022 are \$4,712,300 (2021 - \$4,712,243).
- (d) An agreement with Waste Management of Canada Corporation for the collection of household waste and organics. Budgeted costs for 2022 are \$1,494,003 (2021 - \$1,500,803).
- (e) The County approved a maximum sum of \$4.5 million to the Prince Edward County Memorial Hospital Foundation as part of the community's share of capital funding requirements, to be spent on equipment and related expenditures for the construction of the new Prince Edward County Memorial Hospital. The funds for this commitment will be provided by reserves and new long-term debt, and tax levies. In 2022, tax levies in the amount of \$372,000 (2021 - \$372,000) were raised to fund this commitment and \$2.3 million was forwarded in December 2021 which was funded from the issuance of long-term debt. The remaining commitment as at December 31, 2022 is approximately \$1.5 million (2021 - \$1.5 million).

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

20. Provincial offences administration:

The Provincial Offences Act 1997 (POA) is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor License Act, Municipal bylaws and minor federal offences. The POA governs all aspects of the legal process from serving notice to a defendant to conducting trials, including sentencing and appeals.

Balances arising from the operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Picton Court. Offenders may pay their fines at any court office in Ontario, at which time their receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made. Total revenue and expenditures recorded as of December 31, 2022 are as follows:

	2022	2021
Gross revenue received	\$ 364,706	\$ 491,304
Gross expenditures	276,612	253,342
Net revenue	\$ 88,094	\$ 237,962

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

21. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2022 operating and capital budgets approved by Council. In accordance with Ontario Regulation 284/09, the budget approved by Council excluded amortization expense. Estimates for certain revenue and expenses that were not included as part of the approved operating budgets have been included in the 2022 budget figures reported on the Consolidated Statement of Operations and Accumulated Surplus, including an estimate for amortization expense. The reconciliation of the approved budget to the budget figures reported in these consolidated financial statements is detailed below:

	2022 Budget
Reported on consolidated statement of operations:	
Operating revenue	\$ 64,270,678
Add:	
Water and Wastewater Services	10,506,614
Library Board	1,392,318
Center & South Hastings Waste Services	1,534,753
Less:	
Reserve fund transfers and other budget adjustments	(2,103,041)
Total adjusted budget for revenue	75,601,322
Operating expenses	66,714,196
Add:	
Water and Wastewater Services	10,506,614
Library Board	1,337,262
Center & South Hastings Waste Services	1,442,849
Estimate for amortization	10,917,214
Less:	
Principal repayments of debt	(2,645,070)
Reserve fund transfers and other budget adjustments	(13,854,375)
Total adjusted budget for expenses	74,418,690
Net budgeted revenue per statement of operations	\$ 1,182,632
Capital budgeted tax revenue	\$ -
Capital grant and other revenue	6,260,781
Capital transfer from reserves	12,315,832
Capital expenditures	\$ 18,576,613

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

22. Segmented information:

The County provides a wide range of services to its residents. Segmented information has been identified based upon lines of service provided by the County. Services are delivered directly by departments of the County, by boards and agencies or by contract through other organizations. The lines of service that have been separately disclosed along with the department or body responsible for providing the service are as follows:

(a) General Government:

The General Government Services segment is comprised of the following service areas: Council and Mayor's Office, Administration/CAO's Office, Clerk's Office, Finance Department, Purchasing Department, Information Technology and Human Resources.

(b) Protection services:

The Protection Services segment is comprised of the following service areas: Police Services, Source Water Protection, Fire Protection and Rescue, Building Services, By-law Enforcement and Canine Control, Provincial Offences Administration and Quinte Conservation Authority. Policing is provided by contract with the Ontario Provincial Police.

(c) Transportation services:

The Transportation Services segment is comprised of the following service areas: Roads & Bridges including road and roadside maintenance, storm water maintenance, winter control, street lights and traffic signals, project planning, engineering and management, development planning and servicing, and parking.

(d) Environmental services:

The Environmental Services segment is comprised of Water treatment and distribution, Wastewater collection and treatment and Waste Management Services. Most waste management services are provided under contract.

(e) Health services:

The Health Services segment is comprised of Ambulance Services, Public Health Services provided by the Hastings and Prince Edward Health Unit and Cemetery Maintenance. Ambulance service is provided under contract with the Corporation of the County of Hastings.

(f) Social and family services:

Social and Family Services segment is comprised of Children's Services and Ontario Works provided by Prince Edward Lennox and Addington Social Services and Assistance to Aged Persons - H. J. McFarland Memorial Home.

(g) Social housing:

Social Housing services are provided by Prince Edward Lennox and Addington Social Services.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

22. Segmented information (continued):

(h) Recreation and cultural services:

The Recreation and Cultural Services segment is comprised of the following service areas: Parks, Trails and Sports fields, Community Centres and Arenas, Harbours, Marinas and Boat Launches, Libraries and Archives, Community Halls/Theatre, Museums, and Recreational and Cultural Activities.

(i) Planning and development:

The Planning and Development Services segment is comprised of the following service areas: Planning and Zoning and Community Development.

The segmented information is provided in accordance with the financial reporting guidelines established by the Public Sector Accounting Board of Canada. Certain allocation methodologies are employed in the preparation of segmented financial information.

User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Schedule of Segment Disclosure

Year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Heath Services	Social and family services	Social Housing	Recreation and Cultural Services	Planning and Development Services	Total
Revenues:										
User Charges	\$ (1,851,210)	\$ (1,704,237)	\$ (859,418)	\$ (12,731,325)	\$ (80,560)	\$ (1,632,038)	\$ -	\$ (627,569)	\$ (1,395,987)	\$ (20,882,344)
Government Grants	(3,079,217)	(70,437)	(278,351)	(504,888)	(1,645,478)	(6,261,957)	(193,955)	(452,065)	(241,188)	(12,727,536)
Other Municipalities	-	-	-	-	-	-	-	-	-	-
Investment Income	(888,974)	-	-	(7,945)	-	-	(10,733)	(41,325)	-	(948,977)
Fines and penalties	(445,022)	(482,188)	(72,537)	(62,994)	-	-	-	-	(65,665)	(1,128,406)
Donations	-	-	(3,000)	-	-	(8,955)	-	(1,482,054)	(212,619)	(1,706,628)
Other Revenue	-	-	-	-	-	-	-	-	-	-
Additional Revenues- Obligatory	-	-	(6,202,664)	(1,890,032)	-	-	-	(611,700)	-	(8,704,397)
	(6,264,423)	(2,256,862)	(7,415,970)	(15,197,184)	(1,726,038)	(7,902,950)	(204,688)	(3,214,713)	(1,915,459)	(46,098,288)
Expenses:										
Salaries, Wages and Employee Benefits	4,009,039	3,395,663	5,247,479	2,995,070	-	6,902,740	232,379	3,793,471	2,261,712	28,837,552
Interest on Long Term Debt	48,805	116,180	170,988	1,036,527	33,561	-	-	54,841	380	1,461,282
Materials	3,120,360	1,141,070	2,494,607	3,892,508	39,085	795,135	50,300	1,747,347	799,431	14,079,843
Contracted and general services	687,425	4,737,084	3,492,932	3,610,757	2,900,642	996,253	-	486,950	171,847	17,083,891
Rents and financial expenses	277,746	61,695	689,225	28,202	-	2,868	52,244	6,265	79,861	1,198,106
External transfers	150,000	558,089	-	-	612,391	725,300	973,088	719,610	518,673	4,257,151
Inter-Functional Adjustments	(414,300)	(35,000)	(78,010)	303,010	230,000	-	-	(5,700)	-	-
Amortization	250,518	593,876	6,336,870	2,517,394	149,483	167,107	-	998,452	14,724	11,028,424
	8,129,593	10,568,657	18,354,091	14,383,468	3,965,162	9,589,403	1,308,011	7,801,236	3,846,628	77,946,249
Excess of revenue over expenses (expenses over revenue) before property tax	\$ 1,865,170	\$ 8,311,795	\$ 10,938,121	\$ (813,716)	\$ 2,239,124	\$ 1,686,453	\$ 1,103,323	\$ 4,586,523	\$ 1,931,169	\$ 31,847,961
Property Taxation									\$	(45,141,656)
Other capital										(99,904)
Net loss on disposal of tangible capital assets										55,363
Annual (Surplus)/Deficit									\$	(13,338,236)

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Schedule of Segment Disclosure (continued)

Year ended December 31, 2021

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and family services	Social Housing	Recreation and Cultural Services	Planning and Development Services	Total
Revenues:										
User charges	\$ (1,384,611)	\$ (1,211,940)	\$ (526,544)	\$ (12,671,819)	\$ (42,611)	\$ (1,622,815)	\$ -	\$ (314,584)	\$ (622,878)	\$ (18,397,802)
Government grants	(3,005,686)	(180,737)	(363,258)	(442,914)	(1,659,738)	(5,366,461)	-	(350,710)	(292,484)	(11,661,988)
Other municipalities	-	-	-	-	-	-	(293,257)	-	-	(293,257)
Investment income	(167,449)	-	-	(1,812)	-	-	(2,285)	(15,285)	-	(186,831)
Fines and penalties	(398,353)	(425,701)	(128,232)	(46,553)	-	-	-	-	-	(998,839)
Donations	(142,189)	-	(5,000)	-	-	(935)	-	(63,239)	-	(211,363)
Other revenue	-	-	-	-	-	-	-	-	-	-
Additional revenues - Obligatory	55,500	-	(2,715,287)	(472,223)	-	-	-	(229,805)	-	(3,361,815)
	(5,042,788)	(1,818,378)	(3,738,321)	(13,635,321)	(1,702,349)	(6,990,211)	(295,542)	(973,623)	(915,362)	(35,111,895)
Expenses:										
Salaries, wages and employee benefits	4,139,295	3,208,652	4,846,609	2,635,982	5,301	6,284,074	106,931	3,258,678	2,020,112	26,505,634
Interest on long-term debt	50,447	118,971	192,747	850,742	34,368	-	-	58,313	1,821	1,307,409
Materials and supplies	2,118,553	901,594	1,502,057	3,752,295	27,511	865,549	-	1,406,448	789,007	11,363,014
Contracted and general services	566,970	4,815,114	3,410,281	3,399,091	2,898,322	800,812	-	422,656	123,036	16,436,282
Rents and financial expenses	287,460	48,214	241,113	2,502	-	2,713	26,630	8,333	79,846	696,811
External transfers	-	506,533	-	-	604,346	723,600	779,712	690,010	-	3,304,201
Inter-functional adjustments	(429,300)	(35,000)	(63,010)	303,010	230,000	-	-	(5,700)	-	-
Amortization	262,626	645,672	5,761,591	2,371,115	107,185	165,441	-	1,016,297	14,681	10,344,608
	6,996,051	10,209,750	15,891,388	13,314,737	3,907,033	8,842,189	913,273	6,855,035	3,028,503	69,957,959
Excess of expenses over revenue before the undernoted items	\$ 1,953,263	\$ 8,391,372	\$ 12,153,067	\$ (320,584)	\$ 2,204,684	\$ 1,851,978	\$ 617,731	\$ 5,881,412	\$ 2,113,141	\$ 34,846,064
Property Taxation										(42,899,194)
Contributions from others (tangible capital assets)										(833,051)
Net loss on disposal of tangible capital assets										834,585
Annual (surplus)										\$ (8,051,596)



KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
Canada
Tel 613-549-1550
Fax 613-549-6349

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Prince Edward

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of the County of Prince Edward (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of financial activities and changes in fund balances for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

September 26, 2023

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Cash	\$ 4,847,362	\$ 4,876,821
Investments (note 3)	284,514	272,868
Loans to homeowners (note 2)	2,083	2,083
	<u>\$ 5,133,959</u>	<u>\$ 5,151,772</u>
Liabilities and Fund Balances		
Due to the County of Prince Edward	\$ 96,437	\$ 95,274
Fund balances	5,037,522	5,056,498
	<u>\$ 5,133,959</u>	<u>\$ 5,151,772</u>

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

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Statement of Financial Activities and Changes in Fund Balances

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Individuals' deposits	\$ 930,988	\$ 3,777,559
Interest earned	131,642	42,275
	<u>1,062,630</u>	<u>3,819,834</u>
Expenditures:		
Deposits refunded	1,039,297	1,317,626
Payments on behalf of individuals	33,683	27,734
Cemetery maintenance	6,504	5,180
Collection and management fees	2,122	2,643
	<u>1,081,606</u>	<u>1,353,183</u>
Change in fund balances	(18,976)	2,466,651
Fund balances, beginning of year	5,056,498	2,589,847
Fund balances, end of year	<u>\$ 5,037,522</u>	<u>\$ 5,056,498</u>

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

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds
Notes to Financial Statements

Year ended December 31, 2022

1. Significant accounting policies:

The financial statements of the Trust Funds of The Corporation of the County of Prince Edward are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of accounting:

Revenue and expenditures are recorded on an accrual basis of accounting.

The accrual basis recognizes revenues in the period in which the transactions or events occurred and are measurable. Expenditures are recognized in the period in which they are incurred and measurable and a legal obligation to pay is created. Refunds are reported in the period that they are issued.

(b) Investments:

Investments are recorded at cost.

(c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

2. Ontario Home Renewal Program:

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2022 are comprised of repayable loans of \$2,083 (2021 - \$2,083) and no forgivable loans. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Investments:

Investments consist of the following:

	2022		2021	
	Cost	Market value	Cost	Market value
Bloomfield Cemetery Perpetual Care - Mutual Fund	\$ 99,515	\$ 91,961	\$ 95,162	\$ 100,747
Rose Cemetery Perpetual Care - Mutual Fund	66,056	60,567	64,525	67,850
Sophiasburgh Cemetery Perpetual Care - Mutual Fund	80,347	73,980	75,185	79,259
Bowerman/McFaul Cemetery Perpetual Care - Mutual Fund	27,260	24,960	26,794	28,118
Salem Cemetery Perpetual Care - Mutual Fund	11,336	10,432	11,202	11,837
	<u>\$ 284,514</u>	<u>\$ 261,900</u>	<u>\$ 272,868</u>	<u>\$ 287,811</u>

4. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as the information is readily determinable.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Schedule of Trust Fund Assets and Liabilities

December 31, 2022

Description	Cash	Investments	Loans to Homeowners	Total Assets	Balance, end of year
McFarland Home Residents	\$ 138,253	\$ -	\$ -	138,253	\$ 131,967
McFarland Home Bequests	1,792	-	-	1,792	1,792
Craft	3,998	-	-	3,998	3,998
Macaulay Heritage Park	109,837	-	-	109,837	109,837
Performance Guarantees	4,535,342	-	-	4,535,342	4,445,191
Library Large Print Books	7,645	-	-	7,645	7,645
Ameliasburgh Scholarships	23,835	-	-	23,835	23,835
Ameliasburgh Museum	5,455	-	-	5,455	5,455
Wellington Museum	3,347	-	-	3,347	3,347
Consecon Cemetery Perpetual Care	15,252	-	-	15,252	15,252
Bloomfield Cemetery Perpetual Care	-	99,515	-	99,515	99,515
Rose Cemetery Perpetual Care	-	66,056	-	66,056	66,056
Sophiasburgh Cemetery Perpetual Care	-	80,346	-	80,346	80,346
Bowerman/McFaul Cemetery Perpetual Care	-	27,260	-	27,260	27,260
Salem Cemetery Perpetual Care	-	11,337	-	11,337	11,337
Pioneer Cemeteries Perpetual Care	523	-	-	523	523
Home Renewal Program	2,083	-	2,083	4,166	4,166
Totals	\$ 4,847,362	\$ 284,514	\$ 2,083	\$ 5,133,959	\$ 5,037,522

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Schedule of Continuity of Trust Funds

Year ended December 31, 2022

Description	Balance Beginning of Year	Revenues		
		Individuals' Deposits	Interest Earned	Total Receipts
McFarland Home Residents	\$ 122,078	\$ 33,212	\$ 2,275	\$ 35,487
Bequests to HJ McFarland Home - Trust Account	1,747	-	45	45
McFarland Home Craft	3,898	-	100	100
Macaulay Heritage Park - Trust Account	107,089	-	2,747	2,747
Library Large Print Books	7,581	-	64	64
Performance guarantee	4,485,407	888,205	116,573	1,004,778
Ameliasburgh Scholarship Trust Account	23,239	-	596	596
Ameliasburgh Museum Endowment - Trust Account	5,318	-	136	136
Wellington Msm Lily Walt Endowment - Trust Account	3,265	-	84	84
Consecon Cemetery Perpetual Care - Trust Account	14,870	-	382	382
Bloomfield Cemetery Perpetual Care - Trust Account	82,357	2,880	2,618	5,498
Bloomfield Cemetery - Stone Care - Trust Account	14,558	600	400	1,000
Rose Cemetery - Perpetual Care - Trust Account	62,736	830	2,018	2,848
Sophiasburgh Cemetery Perpetual Care Trust Account	79,026	4,541	2,410	6,951
Bowerman/McFaul Perpetual Care Trust Account	25,779	720	833	1,553
Salem Cemetery Care Trust Account	14,958	-	348	348
Pioneer Cemeteries Perpetual Care - Trust Account	509	-	13	13
Ontario Home Renewal Program Loan to Homeowner	2,083	-	-	-
Totals	\$ 5,056,498	\$ 930,988	\$ 131,642	\$ 1,062,630

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Schedule of Continuity of Trust Funds (continued)

Year ended December 31, 2022

Description	Deposits Refunded	Payments on Behalf of Individuals	Cemetery Maintenance	Collection and Management Fees	Total Expenditures	Balance, end of year
McFarland Home Residents	\$ -	\$ 33,683	\$ -	\$ -	\$ 33,683	\$ 123,882
Bequests to HJ McFarland Home - Trust Account	-	-	-	-	-	1,792
McFarland Home Craft	-	-	-	-	-	3,998
Macaulay Heritage Park - Trust Account	-	-	-	-	-	109,836
Library Large Print Books	-	-	-	-	-	7,645
Performance guarantee	1,039,297	-	-	-	1,039,297	4,450,888
Ameliasburgh Scholarship Trust Account	-	-	-	-	-	23,835
Ameliasburgh Museum Endowment - Trust Account	-	-	-	-	-	5,454
Wellington Msm Lily Walt Endowment - Trust Account	-	-	-	-	-	3,349
Consecon Cemetery Perpetual Care - Trust Account	-	-	-	-	-	15,252
Bloomfield Cemetery Perpetual Care - Trust Account	-	-	1,934	684	2,618	85,237
Bloomfield Cemetery - Stone Care - Trust Account	-	-	400	-	400	15,158
Rose Cemetery - Perpetual Care - Trust Account	-	-	1,491	527	2,018	63,566
Sophiasburgh Cemetery Perpetual Care Trust Account	-	-	1,781	629	2,410	83,567
Bowerman/McFaul Perpetual Care Trust Account	-	-	550	282	832	26,500
Salem Cemetery Care Trust Account	-	-	348	-	348	14,958
Pioneer Cemeteries Perpetual Care - Trust Account	-	-	-	-	-	522
Ontario Home Renewal Program Loan to Homeowner	-	-	-	-	-	2,083
Totals	\$ 1,039,297	\$ 33,683	\$ 6,504	\$ 2,122	\$ 1,081,606	\$ 5,037,522