

RURAL MUNICIPALITY OF CRAPAUD
Consolidated Financial Statements
March 31, 2024

URAL MUNICIPALITY OF CRAPAUT
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March 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Rural Municipality of Crapaud are the responsibility of management and have been prepared in accordance with Canadian Accounting Standards for the Public Sector. A summary of the significant accounting policies are described in 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 period cannot be finalized with a certainty until future periods.

To meet its responsibility, 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 Mayor and Council 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 MRSB Chartered Professional Accountants Inc., independent external auditors appointed by the Rural Municipality of Crapaud. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Rural Municipality of Crapaud:

Mayor

Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of the Rural Municipality of Crapaud

Opinion

We have audited the consolidated financial statements of the Rural Municipality of Crapaud (the "Municipality"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, changes in net financial assets and cash flows 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 March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for the Public Sector.

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 those 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 Accounting Standards for the Public Sector, 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating 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 but to do so.

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

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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 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 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 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.

MRSB Chartered Professional Accountants Inc.

MRSB CHARTERED PROFESSIONAL ACCOUNTANTS INC.

Charlottetown, PE

December 19, 2024

MUNICIPALITY OF CRAPAUD
Consolidated Statement of Financial Position
March 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents		
Unrestricted	\$ 436,272	\$ 345,703
Restricted	715,183	585,262
Accounts receivable (Note 3)	238,104	127,095
	<u>1,389,559</u>	<u>1,058,060</u>
Liabilities		
Accounts payable and accrued liabilities	192,156	41,953
Deposits received	7,287	9,379
Deferred revenue (Note 4)	836,671	608,568
Long term debt (Note 5)	299,109	344,860
	<u>1,335,223</u>	<u>1,004,760</u>
Net financial assets (Statement 6)	<u>54,336</u>	<u>53,300</u>
Non-financial assets		
Land held for resale	4,249	4,249
Prepaid expense	153,336	7,407
Intangible assets (Note 6)	28,909	23,343
Tangible capital assets (Schedules 1 and 2)	4,215,820	4,008,459
	<u>4,402,314</u>	<u>4,043,458</u>
Accumulated surplus (Statement 5)	<u>\$ 4,456,650</u>	<u>\$ 4,096,758</u>

ON BEHALF OF THE MUNICIPALITY

Mayor

Councillor

Notes 1 - 16 are an integral part of these consolidated financial statements

URAL MUNICIPALITY OF CRAPAUT
Consolidated Statement of Operations
Year Ended March 31, 2024

	Budget 2024	Actual 2024	Actual 2023
Revenues			
General (Schedule 3)	\$ 232,271	\$ 213,189	\$ 189,273
Fire Protection (Schedule 6)	194,400	224,133	195,631
Sewerage (Schedule 7)	86,000	85,022	77,027
Water (Schedule 8)	23,150	22,268	22,553
	<u>535,821</u>	<u>544,612</u>	<u>484,484</u>
Expenditures			
General (Schedule 3)	297,991	227,870	231,646
Fire Protection (Schedule 6)	194,000	178,430	196,370
Sewerage (Schedule 7)	102,500	101,234	102,466
Water (Schedule 8)	37,650	37,919	39,880
	<u>632,141</u>	<u>545,453</u>	<u>570,362</u>
Operating deficit	<u>(96,320)</u>	<u>(841)</u>	<u>(85,878)</u>
Other revenues			
Government transfers for capital - General (Note 7)	100,000	186,284	-
Donated capital contributions	-	175,000	-
Government transfers for capital - Sewer (Note 7)	-	317	-
Government transfers for capital - Water (Note 7)	-	(868)	-
	<u>100,000</u>	<u>360,733</u>	<u>-</u>
Annual surplus (deficit)	3,680	359,892	(85,878)
Accumulated surplus - beginning of year	4,096,758	4,096,758	4,182,636
Accumulated surplus - end of year (Note 8)	<u>\$ 4,100,438</u>	<u>\$ 4,456,650</u>	<u>\$ 4,096,758</u>

Notes 1 - 16 are an integral part of these consolidated financial statements

URAL MUNICIPALITY OF CRAPAUT
Consolidated Statement of Changes in Net Financial Assets
Year Ended March 31, 2024

	Budget 2024	Actual 2024	Actual 2023
Annual surplus (deficit)	\$ 3,680	\$ 359,892	\$ (85,878)
Amortization of tangible capital assets	91,950	137,228	130,463
Purchase of tangible capital assets	(195,000)	(344,589)	(4,345)
Purchase of intangible assets	-	(5,566)	-
Decrease (increase) in prepaid expense	-	(145,929)	1,495
	(103,050)	(358,856)	127,613
Increase (decrease) in net financial assets	(99,370)	1,036	41,735
Net financial assets - beginning of year	53,300	53,300	11,565
Net financial assets (debt) - end of year	\$ (46,070)	\$ 54,336	\$ 53,300

Notes 1 - 16 are an integral part of these consolidated financial statements

MUNICIPALITY OF CRAPAUD
Consolidated Statement of Cash Flows
Year Ended March 31, 2024

	Actual 2024	Actual 2023
Cash flows from operating activities		
Annual surplus (deficit)	\$ 359,892	\$ (85,878)
Item not affecting cash:		
Amortization of tangible capital assets	137,228	130,463
	<u>497,120</u>	<u>44,585</u>
Changes in non-cash working capital:		
Accounts receivable	(111,009)	59,792
Prepaid expense	(145,929)	1,495
Accounts payable and accrued liabilities	150,204	5,529
Deferred revenue	228,103	333,368
Deposits received	(2,092)	8,725
	<u>119,277</u>	<u>408,909</u>
	<u>616,397</u>	<u>453,494</u>
Cash flows from capital activities		
Purchase of tangible capital assets	(344,589)	(4,345)
Purchase of intangible assets	(5,566)	-
	<u>(350,155)</u>	<u>(4,345)</u>
Cash flows from financing activity		
Repayment of long term debt	(45,752)	(45,752)
Increase in cash and cash equivalents	<u>220,490</u>	<u>403,397</u>
Cash and cash equivalents - beginning of year	<u>930,965</u>	<u>527,568</u>
Cash and cash equivalents - end of year	<u>\$ 1,151,455</u>	<u>\$ 930,965</u>
Cash and cash equivalents consist of:		
Unrestricted	\$ 436,272	\$ 345,703
Restricted	715,183	585,262
	<u>\$ 1,151,455</u>	<u>\$ 930,965</u>

Notes 1 - 16 are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF CRAPAUD
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

1. DESCRIPTION OF BUSINESS

Rural Municipality of Crapaud (the "Municipality") was incorporated under the Municipalities Act of Prince Edward Island. Its principal activities include the provision of local government services to residents of the incorporated area. The Municipality is a non-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of the Rural Municipality of Crapaud are the representations of management prepared in accordance with Canadian Accounting Standards for the Public Sector.

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs and 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. Revenue is recognized in the year when the related expenditures are incurred, services are performed or the tangible capital assets are acquired.

Basis of consolidation

The consolidated financial statements for the Rural Municipality of Crapaud reflect the assets, liabilities, revenues, expenditures, change in net financial assets and annual surplus of the Municipality. The Municipality is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Included with the Municipality are the following:

Crapaud Fire Department
Crapaud Sewerage Corporation
Crapaud Water Corporation

Cash and cash equivalents

Cash and cash equivalents is comprised of cash on hand, cash in banks and temporary investments.

Accounts receivable

Accounts receivable arise from trade, water and sewer dues, fire dues, funding grants, and Harmonized Sales Tax receivable. An allowance for bad debts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed uncollectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

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JRAL MUNICIPALITY OF CRAPAUD
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are stated at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

General:	
Buildings	2.5%
Fire vehicles	6.67%
Equipment	10.0%
Electronic equipment	25.0%
Signage	10.0%
Sewer and water:	
Sewerage system	1.2%
Sewerage equipment	5.0%
Water system	1.2%
Wells and springs	1.2%

Full amount of annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use. No amortization is recorded in the year of disposal.

Equipment, furniture, software, and buildings and improvements with a cost in excess of \$500 and an estimated useful life of two years or more are capitalized at cost.

Intangible assets

Intangible assets are stated at cost and amortization to commence upon completion of work.

Impairment of long lived assets

The Municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Donated Capital

Donated capital is recorded at the fair market value at the time of the donation. During the year, \$175,000 in donated land and building are recorded as tangible capital assets and corresponding revenue (2023 - \$Nil). This capital was donated with the stipulation that it not to be sold or transferred to any third party for a period of 5 years after the donation was made.

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JURAL MUNICIPALITY OF CRAPAUT
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Asset retirement obligation

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations. As at March 31, 2024, no asset retirement obligations have been identified by management.

Land held for resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare land for servicing. Related development costs incurred to provide infrastructure are recorded as physical assets under the respective function.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for the use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates on the amounts can be determined.

Revenue recognition

Property tax billings are based on the assessed value of real property in the Municipality and is payable in each calendar year. Tax rates are reviewed, established, and approved annually by the Municipality. These revenues are recognized when monthly billings come due.

Sewer and water dues are charged based on rates approved by the Island Regulatory and Appeals Commission (IRAC). These charges are assessed semi annually and are recognized when billings come due.

Fire dues are reviewed, established, and approved annually by the Council. These revenues are recognized when monthly billings come due.

Revenue from transactions with performance obligations are recognized when (or as) the Municipality satisfies a performance obligation. Revenue from transactions with no performance obligations are recognized when the Municipality has the authority to claim or retain an inflow of economic resources and a past transaction has given rise to an asset.

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URAL MUNICIPALITY OF CRAPAUD
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent years, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in surplus. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issuance of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

Management estimates

The presentation of the financial statements in conformity with Canadian Accounting Standards for the Public Sector requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The following are areas in which management makes significant accounting estimates:

- The amounts recorded for amortization of tangible capital assets on the statement of operations is subject to management's assessment of the estimated useful life of the Municipality's tangible capital assets;
- The recognized amounts of potential claims and liabilities depend on management's assessment of future costs and the probability these events will occur.
- The recognized amounts for inventory values depend on assessment of future cost for sale.

3. ACCOUNTS RECEIVABLE

	2024	2023
Fire dues	\$ 85,126	\$ 44,427
Sewer dues	59,003	62,533
Government funding receivable	54,224	2,091
HST receivable	20,553	7,890
Water dues	10,109	8,854
Other receivables	9,089	1,300
	\$ 238,104	\$ 127,095

RURAL MUNICIPALITY OF CRAPAUC
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

4. DEFERRED REVENUE

	<u>2024</u>	<u>2023</u>
Canada Community Building Fund - direct allocation		
Balance - beginning of year	\$ 589,068	\$ 276,454
Allocation received during the year	100,000	300,000
Interest	27,353	12,614
Eligible expenditures incurred	(1,227)	-
Balance - end of year	<u>715,194</u>	<u>589,068</u>
Canada Community Building Fund - MSC		
Balance - beginning of year	-	(1,254)
Funds received during the year	-	1,254
Expenditures incurred	-	-
Balance - end of year	<u>-</u>	<u>-</u>
Other deferred revenue		
Rural Growth Initiative - Community Revitalization	109,534	-
Province of PEI - Seniors Community Meal Pilot Program	5,000	-
Equalization grant	4,351	-
New Horizons grant	<u>2,592</u>	<u>19,500</u>
Total deferred revenue	<u>\$ 836,671</u>	<u>\$ 608,568</u>

Under the Canada Community Building Fund, any funds along with interest earned, must be used for eligible infrastructure and capacity building projects.

5. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
<u>General</u>		
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$400 plus interest. The loan is renewable on December 7, 2025, is amortized to 2043 and is secured by borrowing resolution.	\$ 94,800	\$ 99,600
<u>Sewerage</u>		
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$2,333 plus interest. The loan is renewable on January 31, 2026, is amortized to 2036, and is secured by a borrowing resolution.	189,748	217,744
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$346 plus interest. The loan is renewable on January 4, 2026, is amortized to 2026 and is secured by a borrowing resolution.	7,619	11,774

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JRAL MUNICIPALITY OF CRAPAUC
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

5. LONG TERM DEBT (continued)

Water

Bank of Nova Scotia - prime; repayable in monthly principal installments of \$733 plus interest. The loan is renewable on January 1, 2025, is amortized to 2025, and is secured by borrowing resolution.

	<u>2024</u>	<u>2023</u>
	6,942	15,742
	<u>\$ 299,109</u>	<u>\$ 344,860</u>

Principal repayments of long term debt are expected to be repaid over the next five years as follows:

2025	\$ 43,894
2026	36,260
2027	32,796
2028	32,796
2029	32,796

6. INTANGIBLE ASSETS

	<u>2024</u>	<u>2023</u>
Land Use Plan	<u>\$ 28,909</u>	<u>\$ 23,343</u>

The land use plan is still in progress, therefore, no amortization has been recorded.

7. GOVERNMENT TRANSFERS

	<u>2024</u>	<u>2023</u>
<u>Government transfers for operations</u>		
<u>General</u>		
Provincial equalization grant	\$ 47,953	\$ 44,235
Provincial wage grant	11,861	13,695
Innovation PEI	1,200	-
	<u>\$ 61,014</u>	<u>\$ 57,930</u>

	<u>2024</u>	<u>2023</u>
<u>Government transfers for capital</u>		
<u>General</u>		
Province of PEI - Community revitalization	\$ 115,466	\$ -
Atlantic Canada Opportunities Agency	37,881	-
New Horizons for Seniors	16,908	-
Municipal Capital Expenditures Grant	14,803	-
Canada Community Building Fund	1,226	-
	<u>186,284</u>	<u>-</u>

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JRAL MUNICIPALITY OF CRAPAUD
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

7. GOVERNMENT TRANSFERS (continued)

	2024	2023
<u>Government transfers for capital</u>		
<u>Sewer</u>		
Municipal Capital Expenditures Grant	317	-
<u>Water</u>		
Municipal Capital Expenditures Grant	(868)	-
	<u>\$ 185,733</u>	<u>\$ -</u>

8. ACCUMULATED SURPLUS

	2024	2023
Unrestricted surplus	\$ 326,953	\$ 274,922
Reserve funds (Note 9)	184,077	134,894
Investment in tangible capital assets (Note 10)	3,916,711	3,663,599
Investment in intangible assets (Note 6)	28,909	23,343
	<u>\$ 4,456,650</u>	<u>\$ 4,096,758</u>

9. RESERVE FUNDS

	2024	2023
<u>Protective Services Reserve</u>		
Balance - beginning of year	\$ 134,894	\$ 135,633
Allocation to (from) protective services reserve	49,183	(739)
	<u>\$ 184,077</u>	<u>\$ 134,894</u>

10. INVESTMENT IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital assets - Schedules 1 and 2	\$ 6,325,918	\$ 5,981,329
Accumulated amortization - Schedules 1 and 2	(2,110,098)	(1,972,870)
Long term debt (Note 5)	(299,109)	(344,860)
	<u>\$ 3,916,711</u>	<u>\$ 3,663,599</u>

RURAL MUNICIPALITY OF CRAPAUD
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

11. BUDGET FIGURES

A reconciliation of the 2024 fiscal operating budget prepared by Council to the budget figures disclosed in the consolidated financial statements is as follows:

Rural Municipality of Crapaud budgeted annual surplus	\$ 34,680
Crapaud Water Corporation budgeted annual deficit	(14,500)
Crapaud Sewerage Corporation budgeted annual deficit	<u>(16,500)</u>
	<u>\$ 3,680</u>

The columns presented as budget on the statements of operations and the attached schedules were not subject to an audit or review by the external auditor.

12. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and long term debt.

The Municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Municipality's risk exposure and concentration as of March 31, 2024.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Municipality is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Municipality has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of its receipt of government funding, and accounts payable and accrued liabilities.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Municipality manages exposure through its normal operating and financing activities. The Municipality is exposed to interest rate risk primarily through its floating interest rate credit facilities.

RURAL MUNICIPALITY OF CRAPAUD
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

13. RATE REGULATION

The Rural Municipality of Crapaud is subject to rate regulation on the sewer and water utilities provided to residents in Prince Edward Island under the Island Regulatory & Appeals Commissions Act. The purpose of this Act, which is administered by the Island Regulatory & Appeals Commission (IRAC), is to regulate the rate municipalities may charge for sewer and water utilities provided to residents within Prince Edward Island and to ensure at all times a just and reasonable price for sewer and water services.

Utility rates and charges are fixed and determined in accordance with the generally accepted public utility practices after taking into consideration local conditions and circumstances. Municipalities may apply for changes to sewer utility rates with IRAC. The commission will review these requests and adjust the price accordingly.

14. SEGMENT DISCLOSURE

The Municipality is a diversified municipal unit that provides a wide range of services to its citizens. For management reporting purposes the Municipality's operations and activities are organized and reported by segment. The major segments are as follows:

General Government

This segment is responsible for the overall financial and local government administration. Its tasks include, but are not limited to, daily accounting functions, preparation and coordination of annual audited consolidated financial statements, development of the annual budget, human resource functions for the entire municipality, maintenance of bylaws and policies, oversight of public works, maintenance of municipal facilities, and administration of municipal services.

Water and Sewer Corporation

This segment is responsible for the maintenance and operations of water and sewer services provided to residents and other customers.

Fire Protection

This segment is responsible for providing fire protection services for residents. Its tasks include providing critical, life saving services in preventing or minimizing loss of life and property from fire and natural or man made emergencies.

15. LINE OF CREDIT AVAILABILITY

The municipality has an approved line of credit with Bank of Nova Scotia with a maximum limit of \$100,000. The line of credit bears a prime interest rate. Security for the line of credit is a borrowing resolution.

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

RURAL MUNICIPALITY OF CRAPAUD
Schedules to Consolidated Financial Statements
Tangible Capital Assets
Year Ended March 31, 2024

(Schedule 1)

	Cost beginning of year	Additions	Disposals and write downs	Cost end of year	Accum amort beginning of year	Amort in the year	Disposals and write downs	Accum amort end of year	Net book value
General									
Land	\$ 597,747	\$ 35,310	\$ -	\$ 633,057	\$ -	\$ -	\$ -	\$ -	\$ 633,057
Buildings	1,040,423	227,366	-	1,267,789	515,582	27,893	-	543,475	724,314
Fire vehicles	634,528	2,274	-	636,802	468,534	28,453	-	496,987	139,815
Equipment	538,284	76,467	-	614,751	409,704	40,596	-	450,300	164,451
Electronic equipment	5,751	-	-	5,751	4,842	455	-	5,297	454
Signage	4,006	-	-	4,006	2,929	401	-	3,330	676
	\$ 2,820,739	\$ 341,417	\$ -	\$ 3,162,156	\$ 1,401,591	\$ 97,798	\$ -	\$ 1,499,389	\$ 1,662,767
Sewer and Water									
Land	\$ 2,693	\$ -	\$ -	\$ 2,693	\$ -	\$ -	\$ -	\$ -	\$ 2,693
Sewerage system	2,452,730	-	-	2,452,730	456,758	29,433	-	486,191	1,966,539
Sewerage equipment	53,171	3,172	-	56,343	25,660	2,173	-	27,833	28,510
Water system	493,505	-	-	493,505	67,620	5,922	-	73,542	419,963
Wells and springs	158,491	-	-	158,491	21,241	1,902	-	23,143	135,348
	\$ 3,160,590	\$ 3,172	\$ -	\$ 3,163,762	\$ 571,279	\$ 39,430	\$ -	\$ 610,709	\$ 2,553,053
Total Tangible Capital Assets	\$ 5,981,329	\$ 344,589	\$ -	\$ 6,325,918	\$ 1,972,870	\$ 137,228	\$ -	\$ 2,110,098	\$ 4,215,820

Notes 1 - 16 are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF CRAPAUD
Schedules to Financial Statements
Tangible Capital Assets
Year Ended March 31, 2023

(Schedule 2)

	Cost beginning of year	Additions	Disposals and write downs	Cost end of year	Accum amort beginning of year	Amort in the year	Disposals and write downs	Accum amort end of year	Net book value
General									
Land	\$ 597,747	-	\$ -	\$ 597,747	\$ -	-	\$ -	\$ -	\$ 597,747
Buildings	1,040,423	-	-	1,040,423	492,325	23,256	-	515,582	524,841
Fire vehicles	634,528	-	-	634,528	439,484	29,050	-	468,534	165,994
Equipment	533,939	4,345	-	538,284	371,873	37,831	-	409,704	128,580
Electronic equipment	5,751	-	-	5,751	4,187	655	-	4,842	909
Signage	4,006	-	-	4,006	2,528	401	-	2,929	1,077
	\$ 2,816,394	4,345	\$ -	\$ 2,820,739	\$ 1,310,397	\$ 91,193	\$ -	\$ 1,401,591	\$ 1,419,148
Sewer and Water									
Land	\$ 2,693	-	\$ -	\$ 2,693	\$ -	-	\$ -	\$ -	\$ 2,693
Sewerage system	2,452,730	-	-	2,452,730	427,326	29,432	-	456,758	1,995,972
Sewerage equipment	53,171	-	-	53,171	23,646	2,014	-	25,660	27,511
Water system	493,505	-	-	493,505	61,698	5,922	-	67,620	425,885
Wells and springs	158,491	-	-	158,491	19,339	1,902	-	21,241	137,250
	\$ 3,160,590	\$ -	\$ -	\$ 3,160,590	\$ 532,009	\$ 39,270	\$ -	\$ 571,279	\$ 2,589,311
Total Tangible Capital Assets	\$ 5,976,984	4,345	\$ -	\$ 5,981,329	\$ 1,842,406	\$ 130,463	\$ -	\$ 1,972,870	\$ 4,008,459

Notes 1 - 16 are an integral part of these consolidated financial statements

URAL MUNICIPALITY OF CRAPAUT
Schedules to Consolidated Financial Statements
Schedule of Operations - General
Year Ended March 31, 2024

(Schedule 3)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Real property tax	\$ 111,936	\$ 117,416	\$ 111,936
Government transfers for operations (Note 7)	86,735	61,014	57,930
Rent	17,600	19,973	13,260
Hall	15,000	7,201	2,832
Miscellaneous	-	4,600	3,267
Interest	1,000	2,985	48
	<u>232,271</u>	<u>213,189</u>	<u>189,273</u>
Expenditures			
Community hall (Schedule 4)	44,105	45,442	46,204
General Government (Schedule 4)	173,286	126,697	132,131
Professional Centre (Schedule 5)	28,900	32,922	30,763
Recreation, Parks and Streets (Schedule 5)	51,700	22,809	22,548
	<u>297,991</u>	<u>227,870</u>	<u>231,646</u>
Operating deficit	<u>\$ (65,720)</u>	<u>\$ (14,681)</u>	<u>\$ (42,373)</u>

Notes 1 - 16 are an integral part of these consolidated financial statements

MUNICIPALITY OF CRAPAUD
Schedules to Consolidated Financial Statements
Schedule of Expenditures - General
Year Ended March 31, 2024

(Schedule 4)

	Budget 2024	Actual 2024	Actual 2023
Community Hall			
Amortization of tangible capital assets	\$ 7,000	\$ 9,185	\$ 6,430
Electricity	1,500	2,723	1,219
Heat	7,750	3,369	8,469
Insurance	7,000	9,458	8,150
Interest on long term debt	3,500	6,889	5,122
Repairs and maintenance	12,000	6,451	10,889
Office and administration	-	1,405	-
Taxes and sewerage utility	2,355	2,962	2,925
	<u>41,105</u>	<u>42,442</u>	<u>43,204</u>
Transfers:			
Expenditures allocated from general government	3,000	3,000	3,000
	<u>\$ 44,105</u>	<u>\$ 45,442</u>	<u>\$ 46,204</u>
General Government			
Advertising	\$ 3,000	\$ 1,734	\$ 312
Amortization of tangible capital assets	2,550	5,996	2,968
Bad debts (recovery)	-	-	(117)
Dues	1,200	1,055	867
Election	-	-	1,000
Fire protection	12,100	12,100	12,100
Honorariums	19,600	18,296	-
Interest and bank charges	5,500	3,188	5,714
Liability insurance	31,436	23,021	20,459
Library	3,000	1,232	3,304
Municipal office	-	3,945	-
Office and postage	5,500	5,399	5,154
Professional fees	25,000	16,407	21,695
Telephone	2,400	1,520	3,095
Trustee fees	-	-	22,548
Travel and meetings	2,000	302	3,638
Wages and wage levies	90,000	62,502	59,394
	<u>203,286</u>	<u>156,697</u>	<u>162,131</u>
Transfers:			
Expenditures allocated to community hall	(3,000)	(3,000)	(3,000)
Expenditures allocated to fire protection	(7,000)	(7,000)	(7,000)
Expenditures allocated to sewerage and water	(20,000)	(20,000)	(20,000)
	<u>\$ 173,286</u>	<u>\$ 126,697</u>	<u>\$ 132,131</u>

Notes 1 - 16 are an integral part of these consolidated financial statements

URAL MUNICIPALITY OF CRAPAUT
Schedules to Consolidated Financial Statements
Schedule of Expenditures - General
Year Ended March 31, 2024

(Schedule 5)

	Budget 2024	Actual 2024	Actual 2023
Professional Centre			
Amortization of tangible capital assets	\$ 14,000	\$ 14,623	\$ 14,211
Electricity	5,000	8,324	5,808
Heat	6,000	5,791	7,689
Insurance	2,200	2,754	2,455
Repairs and maintenance	7,500	5,822	5,049
Snow removal and grass cutting	6,000	7,022	7,477
Taxes and sewerage utility	1,200	1,586	1,074
	<u>41,900</u>	<u>45,922</u>	<u>43,763</u>
Transfers:			
Expenditures allocated to fire protection	(7,000)	(7,000)	(7,000)
Expenditures allocated to sewerage and water	(6,000)	(6,000)	(6,000)
	<u>\$ 28,900</u>	<u>\$ 32,922</u>	<u>\$ 30,763</u>
 Recreation, Parks and Streets			
Amortization of tangible capital assets	\$ 4,500	\$ 2,556	\$ 3,461
Bug control	3,000	3,315	2,875
Festival and events	25,500	3,540	582
Mileage	1,500	2,391	1,500
Property taxes	5,200	1,472	3,697
Sponsorships	2,000	400	1,000
Street lights	10,000	9,135	9,433
	<u>\$ 51,700</u>	<u>\$ 22,809</u>	<u>\$ 22,548</u>

Notes 1 - 16 are an integral part of these consolidated financial statements

MUNICIPALITY OF CRAPAUD
Schedules to Consolidated Financial Statements
Schedule of Operations - Fire Protection
Year Ended March 31, 2024

(Schedule 6)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Fire dues	\$ 194,000	\$ 212,948	\$ 190,439
Interest	400	11,185	5,192
	<u>194,400</u>	<u>224,133</u>	<u>195,631</u>
Expenditures			
Amortization of tangible capital assets	65,400	65,438	64,122
Gas and oil	3,000	2,028	2,701
Heat	6,000	7,807	7,866
Honorariums	40,000	38,510	40,000
Insurance - firemen	6,000	4,527	5,999
Insurance - trucks	11,000	13,462	9,866
Interest and bank charges	200	277	289
Office, supplies and postage	10,500	7,839	9,329
Property taxes and sewer	1,200	578	578
Repairs and maintenance	20,200	5,358	21,100
Telephone and radio	8,500	6,488	7,309
Training, uniforms and mileage	4,000	6,903	9,148
Utilities	4,000	5,215	4,063
	<u>180,000</u>	<u>164,430</u>	<u>182,370</u>
Transfers:			
Expenditures allocated from general government	7,000	7,000	7,000
Expenditures allocated from professional centre	7,000	7,000	7,000
	<u>194,000</u>	<u>178,430</u>	<u>196,370</u>
Operating surplus (deficit)	<u>\$ 400</u>	<u>\$ 45,703</u>	<u>\$ (739)</u>

Notes 1 - 16 are an integral part of these consolidated financial statements

URAL MUNICIPALITY OF CRAPAU
Schedules to Consolidated Financial Statements
Schedule of Operations - Sewerage
Year Ended March 31, 2024

(Schedule 7)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Flat rate revenues	\$ 84,500	\$ 85,022	\$ 77,027
Interest	1,500	-	-
	<u>86,000</u>	<u>85,022</u>	<u>77,027</u>
Expenditures			
General:			
Insurance	-	1,053	724
Interest and bank charges	1,500	921	871
Miscellaneous	3,500	1,649	625
Professional fees	-	438	-
Regulatory commission fees	1,000	1,002	1,000
	<u>6,000</u>	<u>5,063</u>	<u>3,220</u>
Operating:			
Operator fee	18,500	12,466	13,337
Repairs and maintenance	5,000	6,326	5,695
Utilities	9,500	9,615	9,550
	<u>33,000</u>	<u>28,407</u>	<u>28,582</u>
Other:			
Amortization of tangible capital assets	32,500	31,606	31,447
Bad debts	-	-	5,933
Interest on long term debt	10,000	15,158	12,284
	<u>42,500</u>	<u>46,764</u>	<u>49,664</u>
Transfers:			
Allocation from general government	16,000	16,000	16,000
Allocation from professional centre	5,000	5,000	5,000
	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>
	<u>102,500</u>	<u>101,234</u>	<u>102,466</u>
Operating deficit	<u>\$ (16,500)</u>	<u>\$ (16,212)</u>	<u>\$ (25,439)</u>

Notes 1 - 16 are an integral part of these consolidated financial statements

URAL MUNICIPALITY OF CRAPAU
Schedules to Consolidated Financial Statements
Schedule of Operations - Water
Year Ended March 31, 2024

(Schedule 8)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Flat rate revenues	\$ 22,650	\$ 22,268	\$ 22,553
Interest	500	-	-
	<u>23,150</u>	<u>22,268</u>	<u>22,553</u>
Expenditures			
General:			
Insurance	-	1,390	405
Interest and bank charges	200	314	151
Miscellaneous	2,400	1,060	1,884
Regulatory commission fees	250	250	250
	<u>2,850</u>	<u>3,014</u>	<u>2,690</u>
Operating:			
Operator fee	12,000	12,151	13,337
Repairs and maintenance	6,000	5,755	6,980
Utilities	3,000	3,337	3,035
	<u>21,000</u>	<u>21,243</u>	<u>23,352</u>
Other:			
Amortization of tangible capital assets	7,800	7,824	7,824
Interest on long term debt	1,000	838	1,014
	<u>8,800</u>	<u>8,662</u>	<u>8,838</u>
Transfers:			
Allocation from general government	4,000	4,000	4,000
Allocation from professional centre	1,000	1,000	1,000
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
	<u>37,650</u>	<u>37,919</u>	<u>39,880</u>
Operating deficit	<u>\$ (14,500)</u>	<u>\$ (15,651)</u>	<u>\$ (17,327)</u>

Notes 1 - 16 are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF CRAPAUD
Schedules to Consolidated Financial Statements
Segment Disclosures
Year Ended March 31, 2024

(Schedule 9)

	General Government	Fire Department	Sewer Utility	Water Utility	Elimination	Consolidated 2024
Revenues						
Fire dues	\$ -	\$ 212,948	\$ -	-	\$ (12,100)	\$ 200,848
Real property taxes	117,416	-	-	-	-	117,416
Sewer/Water dues	-	-	85,022	22,268	(3,465)	103,825
Government transfers for operations	61,014	-	-	-	-	61,014
Rent	19,973	-	-	-	-	19,973
Miscellaneous	4,600	-	-	-	-	4,600
Hall	7,201	-	-	-	-	7,201
Interest	2,985	11,185	-	-	-	14,170
	<u>213,189</u>	<u>224,133</u>	<u>85,022</u>	<u>22,268</u>	<u>(15,565)</u>	<u>529,047</u>
Expenditures						
Salaries and benefits	80,798	38,510	12,466	12,151	-	143,925
Goods and services	104,635	74,205	41,083	16,792	(15,565)	221,150
Amortization of tangible capital assets	32,360	65,438	31,606	7,824	-	137,228
Interest	10,077	277	16,079	1,152	-	27,585
	<u>227,870</u>	<u>178,430</u>	<u>101,234</u>	<u>37,919</u>	<u>(15,565)</u>	<u>529,888</u>
Operating surplus (deficit)	(14,681)	45,703	(16,212)	(15,651)	-	(841)
Government transfers for capital	186,284	-	317	(868)	-	185,733
Donated capital contributions	175,000	-	-	-	-	175,000
Annual surplus (deficit)	<u>\$ 346,603</u>	<u>\$ 45,703</u>	<u>\$ (15,895)</u>	<u>\$ (16,519)</u>	<u>-</u>	<u>\$ 359,892</u>

Notes 1 - 16 are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF CRAPAUD
Schedules to Consolidated Financial Statements
Segment Disclosures
Year Ended March 31, 2023

(Schedule 10)

	General Government	Fire Department	Sewer Utility	Water Utility	Elimination	Consolidated 2023
Revenues						
Fire dues	\$ -	\$ 190,439	\$ -	\$ -	\$ (14,000)	\$ 176,439
Real property taxes	111,936	-	-	-	-	111,936
Sewer/Water dues	-	-	77,027	22,553	(3,465)	96,115
Government transfers for operations	57,930	-	-	-	-	57,930
Rent	13,260	-	-	-	-	13,260
Miscellaneous	3,267	-	-	-	-	3,267
Hall	2,832	-	-	-	-	2,832
Interest	48	5,192	-	-	-	5,240
	<u>189,273</u>	<u>195,631</u>	<u>77,027</u>	<u>22,553</u>	<u>(17,465)</u>	<u>467,019</u>
Expenditures						
Salaries and benefits	59,394	40,000	13,337	13,337	-	126,068
Goods and services	134,345	91,959	44,527	17,554	(17,465)	270,920
Amortization of tangible capital assets	27,070	64,122	31,447	7,824	-	130,463
Interest	10,829	289	13,155	1,165	-	25,438
	<u>231,638</u>	<u>196,370</u>	<u>102,466</u>	<u>39,880</u>	<u>(17,465)</u>	<u>552,889</u>
Operating deficit	<u>(42,365)</u>	<u>(739)</u>	<u>(25,439)</u>	<u>(17,327)</u>	<u>-</u>	<u>(85,870)</u>
Annual deficit	<u>\$ (42,365)</u>	<u>\$ (739)</u>	<u>\$ (25,439)</u>	<u>\$ (17,327)</u>	<u>\$ -</u>	<u>\$ (85,870)</u>

Notes 1 - 16 are an integral part of these consolidated financial statements