

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Financial Statements**  
**March 31, 2022**

RURAL MUNICIPALITY OF CRAPA  
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March 31, 2022

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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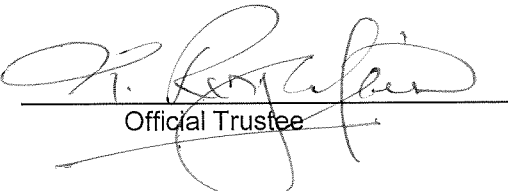
The accompanying consolidated financial statements of the Rural Municipality of Crapaud are the responsibility of management and have been prepared in accordance with Canadian Accounting Standards for the Public Sector. A summary of the significant accounting policies are described in the consolidated 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 Official Trustee 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:

  
\_\_\_\_\_  
Official Trustee

  
\_\_\_\_\_  
Chief Administrative Officer

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## INDEPENDENT AUDITOR'S REPORT

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### To the Official Trustee 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, 2022, 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, 2022, 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.

*(continues)*

## 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

November 15, 2022


**RURAL MUNICIPALITY OF CRAPA**  
**Consolidated Statement of Financial Position**  
**March 31, 2022**

	2022	2021
<b>Financial assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 256,170	\$ 277,349
Restricted	271,398	143,659
Accounts receivable (Note 3)	186,233	188,814
	<b>713,801</b>	<b>609,822</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	36,424	34,413
Deferred revenue (Note 4)	275,200	146,339
Long term debt (Note 5)	390,612	436,364
	<b>702,236</b>	<b>617,116</b>
<b>Net financial assets (debt)</b> (Statement 6)	<b>11,565</b>	<b>(7,294)</b>
<b>Non-financial assets</b>		
Land held for resale	4,249	4,249
Prepaid expense	8,902	8,245
Intangible assets (Note 6)	23,343	12,956
Tangible capital assets (Schedules 1 and 2)	4,134,577	4,244,496
	<b>4,171,071</b>	<b>4,269,946</b>
<b>Accumulated surplus</b> (Statement 5)	<b>\$ 4,182,636</b>	<b>\$ 4,262,652</b>

ON BEHALF OF THE MUNICIPALITY:

\_\_\_\_\_ *Official Trustee*

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

**RURAL MUNICIPALITY OF CRAPA**  
**Consolidated Statement of Operations**  
**Year Ended March 31, 2022**

	Budget 2022	Actual 2022	Actual 2021
<b>Revenues</b>			
Fire Protection (Schedule 6)	\$ 183,300	\$ 183,834	\$ 181,635
General (Schedule 3)	225,826	172,134	172,402
Sewerage (Schedule 7)	85,000	77,594	74,754
Water (Schedule 8)	25,200	22,753	20,893
	<u>519,326</u>	<u>456,315</u>	<u>449,684</u>
<b>Expenditures</b>			
General (Schedule 3)	229,100	266,218	211,563
Fire Protection (Schedule 6)	184,250	174,549	175,733
Sewerage (Schedule 7)	96,550	90,698	95,429
Water (Schedule 8)	45,181	32,763	33,781
	<u>555,081</u>	<u>564,228</u>	<u>516,506</u>
<b>Operating Deficit</b>	<b>(35,755)</b>	<b>(107,913)</b>	<b>(66,822)</b>
<b>Other revenues</b>			
Government transfers for capital (Note 7)	100,000	27,897	109,854
<b>Annual Surplus (Deficit)</b>	<b>64,245</b>	<b>(80,016)</b>	<b>43,032</b>
<b>Accumulated surplus - beginning of year</b>	<b>4,262,652</b>	<b>4,262,652</b>	<b>4,219,620</b>
<b>Accumulated surplus - end of year (Note 8)</b>	<b>\$ 4,326,897</b>	<b>\$ 4,182,636</b>	<b>\$ 4,262,652</b>

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

RURAL MUNICIPALITY OF CRAPA  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended March 31, 2022**

	Budget 2022	Actual 2022	Actual 2021
<b>Annual Surplus</b>	\$ 64,245	\$ (80,016)	\$ 43,032
Amortization of tangible capital assets	143,101	132,927	144,426
Purchase of tangible capital assets	-	(23,008)	(126,541)
Purchase of intangible assets	-	(10,387)	(12,956)
Decrease (increase) in prepaid expense	-	(657)	3,861
Decrease in land held for resale	-	-	2,132
	<u>143,101</u>	<u>98,875</u>	<u>10,922</u>
<b>Increase in net financial assets</b>	<b>207,346</b>	<b>18,859</b>	<b>53,954</b>
<b>Net financial debt - beginning of year</b>	<u>(7,294)</u>	<u>(7,294)</u>	<u>(61,248)</u>
<b>Net financial assets (debt) - end of year</b>	<u>\$ 200,052</u>	<u>\$ 11,565</u>	<u>\$ (7,294)</u>

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



**RURAL MUNICIPALITY OF CRAPA**  
**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2022**

	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>		
Annual surplus	\$ (80,016)	\$ 43,032
Item not affecting cash:		
Amortization of tangible capital assets	132,927	144,426
	<u>52,911</u>	<u>187,458</u>
Changes in non-cash working capital:		
Accounts receivable	2,581	(34,783)
Prepaid expense	(657)	3,862
Accounts payable and accrued liabilities	2,011	16,813
Deferred revenue	128,861	(30,440)
	<u>132,796</u>	<u>(44,548)</u>
	<u>185,707</u>	<u>142,910</u>
<b>Cash flows from capital activities</b>		
Purchase of tangible capital assets	(23,008)	(126,541)
Purchase of intangible assets	(10,387)	(12,956)
Land held for resale	-	2,132
	<u>(33,395)</u>	<u>(137,365)</u>
<b>Cash flows from financing activity</b>		
Repayment of long term debt	(45,752)	(34,648)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>106,560</b>	<b>(29,103)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>421,008</b>	<b>450,111</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 527,568</b>	<b>\$ 421,008</b>
<b>Cash and cash equivalents consist of:</b>		
Unrestricted	\$ 256,170	\$ 277,349
Restricted	271,398	143,659
	<u>\$ 527,568</u>	<u>\$ 421,008</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, 2022**

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**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 debt 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 short term investments.

Accounts receivable

Accounts receivable arise from 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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RURAL MUNICIPALITY OF CRAPA  
Notes to Consolidated Financial Statements  
Year Ended March 31, 2022

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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.

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.

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RURAL MUNICIPALITY OF CRAPA  
Notes to Consolidated Financial Statements  
Year Ended March 31, 2022

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2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

The Municipality follows the deferral method of accounting for grants and contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred, with recognition of excess amounts being deferred until the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

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RURAL MUNICIPALITY OF CRAPAUD  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**

	2022	2021
Sewer dues	\$ 103,310	\$ 84,323
Fire dues	42,888	42,154
Water dues	13,859	12,234
Government funding receivable	11,580	8,709
HST receivable	8,317	26,290
Other receivables	6,279	15,104
	\$ 186,233	\$ 188,814

**4. DEFERRED REVENUE**

	2022	2021
Canada Community Building Fund - direct allocation		
Balance - beginning of year	\$ 137,206	\$ 176,779
Allocation received during the year	150,000	-
Interest	828	769
Eligible expenditures incurred	(11,580)	(40,342)
Balance - end of year	276,454	137,206
Canada Community Building Fund - MSC		
Balance - beginning of year	9,133	-
Funds received during the year	-	22,090
Expenditures incurred	(10,387)	(12,957)
Balance - end of year	(1,254)	9,133
Total deferred revenue	\$ 275,200	\$ 146,339

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

  
**RURAL MUNICIPALITY OF CRAPAU**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

**5. LONG TERM DEBT**

	2022	2021
<b><u>General</u></b>		
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$400 plus interest. The loan is renewable on November 2, 2023, is amortized to 2043 and is secured by borrowing resolution.	\$ 104,400	\$ 109,200
<b><u>Sewerage</u></b>		
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$2,333 plus interest. The loan is renewable on March 31, 2026, is amortized to 2036, and is secured by a borrowing resolution.	245,741	273,737
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$346 plus interest. The loan is renewable on March 31, 2026, is amortized to 2026 and is secured by a borrowing resolution.	15,929	20,085
<b><u>Water</u></b>		
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$733 plus interest. The loan is renewable on March 31, 2025, is amortized to 2025, and is secured by borrowing resolution.	24,542	33,342
	\$ 390,612	\$ 436,364

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

2023	\$ 45,752
2024	140,552
2025	39,094
2026	165,214

**6. INTANGIBLE ASSETS**

	2022	2021
Land Use Plan	\$ 23,343	\$ 12,956

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

RURAL MUNICIPALITY OF CRAPA  
Notes to Consolidated Financial Statements  
Year Ended March 31, 2022

**7. GOVERNMENT TRANSFERS**


	2022	2021
<u>Government transfers for operations</u>		
<u>General</u>		
Provincial equalization grant	\$ 28,849	\$ 27,541
Provincial wage grant	20,662	10,809
Small Halls grant	2,500	-
Provincial Safe Restart program grant	-	8,181
	<b>\$ 52,011</b>	<b>\$ 46,531</b>
	2022	2021
<u>Government transfers for capital</u>		
<u>General</u>		
Canada Community Building Fund	\$ 22,026	\$ 53,299
Municipal Capital Expenditures Grant	5,003	(1,447)
Province of PEI Community revitalization	-	58,002
	<b>27,029</b>	<b>109,854</b>
<u>Water</u>		
Municipal Capital Expenditures Grant	<b>868</b>	-
	<b>\$ 27,897</b>	<b>\$ 109,854</b>

**8. ACCUMULATED SURPLUS**

	2022	2021
Unrestricted surplus	\$ 303,038	\$ 328,173
Reserve funds (Note 9)	135,633	126,347
Investment in tangible capital assets (Note 10)	3,743,965	3,808,132
	<b>\$ 4,182,636</b>	<b>\$ 4,262,652</b>

**9. RESERVE FUNDS**

	2022	2021
<u>Protective Services Reserve</u>		
Balance - beginning of year	\$ 126,347	\$ 120,445
Allocation to protective services reserve	9,286	5,902
	<b>\$ 135,633</b>	<b>\$ 126,347</b>


**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

**10. INVESTMENT IN TANGIBLE CAPITAL ASSETS**

	2022	2021
Tangible capital assets - Schedules 1 and 2	\$ 5,976,984	\$ 5,953,976
Accumulated amortization - Schedules 1 and 2	(1,842,407)	(1,709,480)
Long term debt (Note 5)	(390,612)	(436,364)
	\$ 3,743,965	\$ 3,808,132

**11. BUDGET FIGURES**

A reconciliation of the 2022 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	\$ 95,776
Crapaud Water Corporation annual deficit	(19,981)
Crapaud Sewerage Corporation annual surplus	(11,550)
	\$ 64,245

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, 2022.

(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, 2022**

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**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. COMPARATIVE FIGURES**

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

**16. SUBSEQUENT EVENTS**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The overall effect of these events on the Municipality and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Tangible Capital Assets**  
**Year Ended March 31, 2022**

(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
<b>General</b>									
Land	\$ 597,747	-	-	\$ 597,747	-	-	-	-	\$ 597,747
Buildings	1,028,783	11,640	-	1,040,423	466,315	26,011	-	492,326	548,097
Fire vehicles	634,528	-	-	634,528	410,435	29,049	-	439,484	195,044
Equipment	533,939	-	-	533,939	334,333	37,540	-	371,873	162,066
Electronic equipment	3,934	1,817	-	5,751	3,532	655	-	4,187	1,564
Signage	4,006	-	-	4,006	2,128	400	-	2,528	1,478
	<b>\$ 2,802,937</b>	<b>\$ 13,457</b>	<b>-</b>	<b>\$ 2,816,394</b>	<b>\$ 1,216,743</b>	<b>\$ 93,655</b>	<b>-</b>	<b>\$ 1,310,398</b>	<b>\$ 1,505,996</b>
<b>Sewer and Water</b>									
Land	\$ 2,693	-	-	\$ 2,693	-	-	-	-	\$ 2,693
Sewerage system	2,452,730	-	-	2,452,730	397,893	29,433	-	427,326	2,025,404
Sewerage equipment	53,171	-	-	53,171	21,631	2,015	-	23,646	29,525
Water system	483,954	9,551	-	493,505	55,776	5,922	-	61,698	431,807
Wells and springs	158,491	-	-	158,491	17,437	1,902	-	19,339	139,152
	<b>\$ 3,151,039</b>	<b>\$ 9,551</b>	<b>-</b>	<b>\$ 3,160,590</b>	<b>\$ 492,737</b>	<b>\$ 39,272</b>	<b>-</b>	<b>\$ 532,009</b>	<b>\$ 2,628,581</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 5,953,976</b>	<b>\$ 23,008</b>	<b>-</b>	<b>\$ 5,976,984</b>	<b>\$ 1,709,480</b>	<b>\$ 132,927</b>	<b>-</b>	<b>\$ 1,842,407</b>	<b>\$ 4,134,577</b>

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Financial Statements**  
**Tangible Capital Assets**  
**Year Ended March 31, 2021**

(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
<b>General</b>									
Land	\$ 597,747	\$ -	\$ -	\$ 597,747	\$ -	\$ -	\$ -	\$ -	\$ 597,747
Buildings	965,038	63,745	-	1,028,783	440,595	25,721	-	466,315	562,468
Fire vehicles	634,528	-	-	634,528	371,477	38,958	-	410,435	224,093
Equipment	471,143	62,796	-	533,939	294,344	39,989	-	334,333	199,606
Electronic equipment	3,934	-	-	3,934	3,331	201	-	3,532	402
Signage	4,006	-	-	4,006	1,727	401	-	2,128	1,878
	<b>\$ 2,676,396</b>	<b>\$ 126,541</b>	<b>\$ -</b>	<b>\$ 2,802,937</b>	<b>\$ 1,111,474</b>	<b>\$ 105,270</b>	<b>\$ -</b>	<b>\$ 1,216,743</b>	<b>\$ 1,586,194</b>
<b>Sewer and Water</b>									
Land	\$ 2,693	\$ -	\$ -	\$ 2,693	\$ -	\$ -	\$ -	\$ -	\$ 2,693
Sewerage system	2,452,730	-	-	2,452,730	368,461	29,432	-	397,893	2,054,837
Sewerage equipment	53,171	-	-	53,171	19,617	2,014	-	21,631	31,540
Water system	483,954	-	-	483,954	49,968	5,808	-	55,776	428,178
Wells and springs	158,491	-	-	158,491	15,535	1,902	-	17,437	141,054
	<b>\$ 3,151,039</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,151,039</b>	<b>\$ 453,581</b>	<b>\$ 39,156</b>	<b>\$ -</b>	<b>\$ 492,737</b>	<b>\$ 2,658,302</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 5,827,435</b>	<b>\$ 126,541</b>	<b>\$ -</b>	<b>\$ 5,953,976</b>	<b>\$ 1,565,055</b>	<b>\$ 144,426</b>	<b>\$ -</b>	<b>\$ 1,709,480</b>	<b>\$ 4,244,496</b>

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



RURAL MUNICIPALITY OF CRAPAL  
Schedules to Consolidated Financial Statements  
Schedule of Operations - General  
Year Ended March 31, 2022

(Schedule 3)

	Budget 2022	Actual 2022	Actual 2021
<b>Revenues</b>			
Real property tax	\$ 103,477	\$ 104,939	\$ 101,701
Government transfers for operations (Note 7)	43,849	52,011	46,531
Rent	12,000	12,014	9,036
Hall	15,000	2,484	1,975
Interest	1,500	436	711
Miscellaneous	-	250	2,329
Lot sales - net	50,000	-	10,119
	<u>225,826</u>	<u>172,134</u>	<u>172,402</u>
<b>Expenditures</b>			
Community hall (Schedule 4)	42,900	39,259	29,795
General Government (Schedule 4)	138,200	171,697	129,596
Professional Centre (Schedule 5)	21,500	29,166	27,179
Recreation, Parks and Streets (Schedule 5)	26,500	26,096	24,993
	<u>229,100</u>	<u>266,218</u>	<u>211,563</u>
<b>Operating Deficit</b>	<u>\$ (3,274)</u>	<u>\$ (94,084)</u>	<u>\$ (39,161)</u>

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

**RURAL MUNICIPALITY OF CRAPA**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Expenditures - General**  
**Year Ended March 31, 2022**

(Schedule 4)

	Budget 2022	Actual 2022	Actual 2021
<b>Community Hall</b>			
Amortization of tangible capital assets	\$ 6,000	\$ 6,885	\$ 6,365
Electricity	2,000	1,294	1,096
Equipment	5,000	-	-
Heat	7,500	7,134	3,247
Insurance	6,000	7,171	6,550
Interest on long term debt	4,100	2,631	2,747
Repairs and maintenance	8,000	9,836	5,635
Taxes and sewerage utility	1,300	1,308	1,155
	<u>39,900</u>	<u>36,259</u>	<u>26,795</u>
Transfers:			
Expenditures allocated from general government	3,000	3,000	3,000
	<u>\$ 42,900</u>	<u>\$ 39,259</u>	<u>\$ 29,795</u>
<b>General Government</b>			
Advertising	\$ 8,000	\$ 3,202	\$ 1,845
Amortization of tangible capital assets	5,000	2,514	2,514
Bad debts	-	4,732	-
Dues	500	1,068	1,110
Fire protection	12,100	12,100	12,100
Honorariums	19,600	7,779	17,649
Interest and bank charges	2,000	2,091	1,579
Liability insurance	6,500	18,622	16,053
Library	3,000	2,837	2,647
Office and postage	8,000	7,955	5,127
Professional fees	15,000	28,370	24,277
Telephone	2,000	2,905	1,590
Trustee fees	-	17,773	-
Travel and meetings	500	900	233
Wages and wage levies	86,000	88,849	72,872
	<u>168,200</u>	<u>201,697</u>	<u>159,596</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>\$ 138,200</u>	<u>\$ 171,697</u>	<u>\$ 129,596</u>

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

RURAL MUNICIPALITY OF CRAPA  
Schedules to Consolidated Financial Statements  
Schedule of Expenditures - General  
Year Ended March 31, 2022

(Schedule 5)

	Budget 2022	Actual 2022	Actual 2021
<b>Professional Centre</b>			
Amortization of tangible capital assets	\$ 14,000	\$ 14,211	\$ 13,985
Electricity	3,000	4,671	3,962
Heat	5,200	6,840	4,342
Insurance	5,300	2,148	2,230
Repairs and maintenance	3,000	8,268	7,122
Snow removal and grass cutting	3,000	5,450	7,960
Taxes and sewerage utility	1,000	578	578
	<u>34,500</u>	<u>42,166</u>	<u>40,179</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>\$ 21,500</u>	<u>\$ 29,166</u>	<u>\$ 27,179</u>
<b>Recreation, Parks and Streets</b>			
Amortization of tangible capital assets	\$ 4,000	\$ 4,465	\$ 4,465
Bug control	2,500	2,576	2,391
Mileage	2,000	1,050	600
Property taxes	1,000	5,407	5,456
Repairs and improvements	5,000	2,576	2,013
Sponsorships	2,000	1,000	1,000
Street lights	10,000	9,022	9,068
	<u>\$ 26,500</u>	<u>\$ 26,096</u>	<u>\$ 24,993</u>


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

RURAL MUNICIPALITY OF CRAPAI  
Schedules to Consolidated Financial Statements  
Schedule of Operations - Fire Protection  
Year Ended March 31, 2022

(Schedule 6)

	Budget 2022	Actual 2022	Actual 2021
<b>Revenues</b>			
Fire dues	\$ 183,300	\$ 183,834	\$ 181,635
<b>Expenditures</b>			
Amortization of tangible capital assets	75,000	65,581	77,940
Gas and oil	3,000	2,350	1,328
Heat	4,000	5,796	3,252
Honorariums	32,000	32,299	30,349
Insurance - firemen	7,500	3,540	4,640
Insurance - trucks	12,000	10,252	9,271
Interest and bank charges	200	212	352
Office, supplies and postage	9,500	8,070	8,748
Property taxes and sewer	1,000	578	578
Repairs and maintenance	9,500	16,800	14,610
Telephone and radio	6,500	9,673	6,074
Training, uniforms and mileage	6,050	1,460	592
Utilities	4,000	3,938	3,999
	<u>170,250</u>	<u>160,549</u>	<u>161,733</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>14,000</u>	<u>14,000</u>	<u>14,000</u>
	<u>184,250</u>	<u>174,549</u>	<u>175,733</u>
<b>Operating Surplus (Deficit)</b>	<u>\$ (950)</u>	<u>\$ 9,285</u>	<u>\$ 5,902</u>

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


**RURAL MUNICIPALITY OF CRAPA**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Operations - Sewerage**  
**Year Ended March 31, 2022**

(Schedule 7)

	Budget 2022	Actual 2022	Actual 2021
<b>Revenues</b>			
Flat rate revenues	\$ 83,000	\$ 77,594	\$ 74,754
Interest	2,000	-	-
	<b>85,000</b>	<b>77,594</b>	<b>74,754</b>
<b>Expenditures</b>			
General:			
Insurance	-	827	-
Interest and bank charges	350	1,266	1,688
Miscellaneous	1,200	953	2,641
Regulatory commission fees	1,000	962	995
	<b>2,550</b>	<b>4,008</b>	<b>5,324</b>
Operating:			
Operator fee	12,000	13,169	14,851
Repairs and maintenance	9,000	4,045	5,789
Utilities	10,000	9,673	9,265
	<b>31,000</b>	<b>26,887</b>	<b>29,905</b>
Other:			
Amortization of tangible capital assets	31,500	31,447	31,447
Interest on long term debt	10,500	7,356	7,753
	<b>42,000</b>	<b>38,803</b>	<b>39,200</b>
Transfers:			
Allocation from general government	16,000	16,000	16,000
Allocation from professional centre	5,000	5,000	5,000
	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>
	<b>96,550</b>	<b>90,698</b>	<b>95,429</b>
<b>Operating Deficit</b>	<b>\$ (11,550)</b>	<b>\$ (13,104)</b>	<b>\$ (20,675)</b>

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



RURAL MUNICIPALITY OF CRAPAL  
 Schedules to Consolidated Financial Statements  
 Schedule of Operations - Water  
 Year Ended March 31, 2022

(Schedule 8)

	Budget 2022	Actual 2022	Actual 2021
<b>Revenues</b>			
Flat rate revenues	\$ 25,000	\$ 22,753	\$ 20,893
Interest	200	-	-
	<u>25,200</u>	<u>22,753</u>	<u>20,893</u>
<b>Expenditures</b>			
General:			
Insurance	-	1,106	-
Interest and bank charges	300	214	188
Miscellaneous	500	836	1,204
Regulatory commission fees	280	241	249
	<u>1,080</u>	<u>2,397</u>	<u>1,641</u>
Operating:			
Operator fee	9,000	7,815	8,813
Repairs and maintenance	18,000	6,313	6,193
Utilities	3,200	2,688	3,523
	<u>30,200</u>	<u>16,816</u>	<u>18,529</u>
Other:			
Amortization of tangible capital assets	7,601	7,824	7,709
Interest on long term debt	1,300	726	902
	<u>8,901</u>	<u>8,550</u>	<u>8,611</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>45,181</u>	<u>32,763</u>	<u>33,781</u>
<b>Operating Deficit</b>	<u>\$ (19,981)</u>	<u>\$ (10,010)</u>	<u>\$ (12,888)</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, 2022**

(Schedule 9)

	General Government	Fire Department	Sewer Utility	Water Utility	Elimination	Consolidated 2022
<b>Revenues</b>						
Fire dues	\$ -	\$ 183,834	\$ -	\$ -	\$ (12,100)	\$ 171,734
Real property taxes	104,939	-	-	-	-	104,939
Sewer/Water dues	-	-	77,594	22,753	(5,575)	94,772
Government transfers for operations	52,011	-	-	-	-	52,011
Rent	12,014	-	-	-	-	12,014
Miscellaneous	250	-	-	-	-	250
Hall	2,484	-	-	-	-	2,484
Interest	436	-	-	-	-	436
	<b>172,134</b>	<b>183,834</b>	<b>77,594</b>	<b>22,753</b>	<b>(17,675)</b>	<b>438,640</b>
<b>Expenditures</b>						
Salaries and benefits	96,632	32,299	13,169	7,815	-	149,915
Goods and services	136,789	76,457	37,460	16,184	(17,675)	249,215
Amortization of tangible capital assets	28,075	65,581	31,447	7,824	-	132,927
Interest	4,722	212	8,622	940	-	14,496
	<b>266,218</b>	<b>174,549</b>	<b>90,698</b>	<b>32,763</b>	<b>(17,675)</b>	<b>546,553</b>
<b>Operating surplus (deficit)</b>	<b>(94,084)</b>	<b>9,285</b>	<b>(13,104)</b>	<b>(10,010)</b>	<b>-</b>	<b>(107,913)</b>
Government transfers for capital	27,029	-	-	868	-	27,897
<b>Annual surplus (deficit)</b>	<b>\$ (67,055)</b>	<b>\$ 9,285</b>	<b>\$ (13,104)</b>	<b>\$ (9,142)</b>	<b>-</b>	<b>\$ (80,016)</b>

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, 2021**

**(Schedule 10)**

	General Government	Fire Department	Sewer Utility	Water Utility	Elimination	Consolidated 2021
<b>Revenues</b>						
Fire dues	\$ -	\$ 181,635	\$ -	\$ -	\$ (12,100)	\$ 169,535
Real property taxes	101,701	-	-	-	-	101,701
Sewer/Water dues	-	-	74,754	20,893	(2,311)	93,336
Government transfers for operations	46,531	-	-	-	-	46,531
Lot sales - net	10,119	-	-	-	-	10,119
Rent	9,036	-	-	-	-	9,036
Miscellaneous	2,329	-	-	-	-	2,329
Hall	1,975	-	-	-	-	1,975
Interest	711	-	-	-	-	711
	<u>172,402</u>	<u>181,635</u>	<u>74,754</u>	<u>20,893</u>	<u>(14,411)</u>	<u>435,273</u>
<b>Expenditures</b>						
Salaries and benefits	90,522	30,349	14,851	8,813	-	144,535
Goods and services	89,386	67,092	39,690	16,169	(14,411)	197,926
Amortization of tangible capital assets	27,329	77,940	31,447	7,709	-	144,425
Interest	4,326	352	9,441	1,090	-	15,209
	<u>211,563</u>	<u>175,733</u>	<u>95,429</u>	<u>33,781</u>	<u>(14,411)</u>	<u>502,095</u>
<b>Operating surplus (deficit)</b>	(39,161)	5,902	(20,675)	(12,888)	-	(66,822)
Government transfers for capital	109,854	-	-	-	-	109,854
<b>Annual surplus (deficit)</b>	<u>\$ 70,693</u>	<u>\$ 5,902</u>	<u>\$ (20,675)</u>	<u>\$ (12,888)</u>	<u>\$ -</u>	<u>\$ 43,032</u>

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