

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Financial Statements**  
**March 31, 2025**

**RURAL MUNICIPALITY OF CRAPAUD**  
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**March 31, 2025**

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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 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

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## INDEPENDENT AUDITOR'S REPORT

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### 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, 2025, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes and schedules 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, 2025, 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

October 21, 2025

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Statement of Financial Position**  
**March 31, 2025**

	2025	2024
<b>Financial assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 490,043	\$ 436,272
Restricted	728,299	715,183
Accounts receivable (Note 3)	312,986	238,104
	<u>1,531,328</u>	<u>1,389,559</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	67,749	192,156
Deposits received	2,040	7,287
Deferred revenue (Note 4)	848,358	836,671
Long term debt (Note 5)	255,215	299,109
	<u>1,173,362</u>	<u>1,335,223</u>
<b>Net financial assets</b> (Statement 6)	<u>357,966</u>	<u>54,336</u>
<b>Non-financial assets</b>		
Land held for resale	4,249	4,249
Prepaid expense	14,703	153,336
Intangible assets (Note 6)	40,624	28,909
Tangible capital assets (Schedules 1 and 2)	4,173,476	4,215,820
	<u>4,233,052</u>	<u>4,402,314</u>
<b>Accumulated surplus</b> (Statement 5)	<u>\$ 4,591,019</u>	<u>\$ 4,456,650</u>

ON BEHALF OF THE MUNICIPALITY

  
 \_\_\_\_\_ *Mayor*  
 \_\_\_\_\_ *Councillor*

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Statement of Operations**  
**Year Ended March 31, 2025**

	Budget 2025	Actual 2025	Actual 2024
<b>Revenues</b>			
General (Schedule 3)	\$ 246,500	\$ 421,241	\$ 213,189
Fire Protection (Schedule 6)	194,000	251,661	224,133
Sewerage (Schedule 7)	79,000	86,101	85,022
Water (Schedule 8)	23,000	21,981	22,268
	<u>542,500</u>	<u>780,984</u>	<u>544,612</u>
<b>Expenditures</b>			
General (Schedule 3)	259,925	395,914	227,870
Fire Protection (Schedule 6)	194,000	188,698	178,430
Sewerage (Schedule 7)	120,000	100,906	101,234
Water (Schedule 8)	38,100	38,064	37,919
	<u>612,025</u>	<u>723,582</u>	<u>545,453</u>
<b>Operating surplus (deficit)</b>	<u>(69,525)</u>	<u>57,402</u>	<u>(841)</u>
<b>Other revenues</b>			
Government transfers for capital - General (Note 7)	100,000	76,545	186,284
Government transfers for capital - Water (Note 7)	-	388	(868)
Government transfers for capital - Sewer (Note 7)	-	34	317
Donated capital contributions	-	-	175,000
	<u>100,000</u>	<u>76,967</u>	<u>360,733</u>
<b>Annual surplus</b>	<u>30,475</u>	<u>134,369</u>	<u>359,892</u>
<b>Accumulated surplus - beginning of year</b>	<u>4,456,650</u>	<u>4,456,650</u>	<u>4,096,758</u>
<b>Accumulated surplus - end of year (Note 8)</b>	<u>\$ 4,487,125</u>	<u>\$ 4,591,019</u>	<u>\$ 4,456,650</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended March 31, 2025**

	Budget 2025	Actual 2025	Actual 2024
<b>Annual surplus</b>	<b>\$ 30,475</b>	<b>\$ 134,369</b>	<b>\$ 359,892</b>
Amortization of tangible capital assets	133,750	133,914	137,228
Purchase of tangible capital assets	(50,000)	(91,571)	(344,589)
Purchase of intangible assets	-	(11,715)	(5,566)
Decrease (increase) in prepaid expense	-	138,633	(145,929)
	<u>83,750</u>	<u>169,261</u>	<u>(358,856)</u>
<b>Increase in net financial assets</b>	<b>114,225</b>	<b>303,630</b>	<b>1,036</b>
<b>Net financial assets - beginning of year</b>	<b>54,336</b>	<b>54,336</b>	<b>53,300</b>
<b>Net financial assets - end of year</b>	<b><u>\$ 168,561</u></b>	<b><u>\$ 357,966</u></b>	<b><u>\$ 54,336</u></b>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2025**

	Actual 2025	Actual 2024
<b>Cash flows from operating activities</b>		
Annual surplus	\$ 134,369	\$ 359,892
Item not affecting cash:		
Amortization of tangible capital assets	133,914	137,228
	<u>268,283</u>	<u>497,120</u>
Changes in non-cash working capital:		
Accounts receivable	(74,882)	(111,009)
Prepaid expense	138,633	(145,929)
Accounts payable and accrued liabilities	(124,407)	150,204
Deferred revenue	11,687	228,103
Deposits received	(5,247)	(2,092)
	<u>(54,216)</u>	<u>119,277</u>
	<u>214,067</u>	<u>616,397</u>
<b>Cash flows from capital activities</b>		
Purchase of tangible capital assets	(91,571)	(344,589)
Purchase of intangible assets	(11,715)	(5,566)
	<u>(103,286)</u>	<u>(350,155)</u>
<b>Cash flows from financing activity</b>		
Repayment of long term debt	(43,894)	(45,752)
<b>Increase in cash and cash equivalents</b>	66,887	220,490
<b>Cash and cash equivalents - beginning of year</b>	<u>1,151,455</u>	<u>930,965</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 1,218,342</u>	<u>\$ 1,151,455</u>
<b>Cash and cash equivalents consist of:</b>		
Unrestricted	\$ 490,043	\$ 436,272
Restricted	728,299	715,183
	<u>\$ 1,218,342</u>	<u>\$ 1,151,455</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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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 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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**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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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.

Donated Capital

Donated capital is recorded at the fair market value at the time of the donation. During the year, there was \$Nil in donated capital recorded as tangible capital assets and corresponding revenue (2024 - \$175,000). 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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**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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**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, 2025, 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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**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**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**

	2025	2024
Government funding receivable	\$ 124,659	\$ 54,224
Sewer dues	87,018	59,003
Fire dues	60,535	85,126
HST receivable	22,813	20,553
Water dues	13,329	10,109
Other receivables	9,174	9,089
Allowance for doubtful accounts	(4,542)	-
	\$ 312,986	\$ 238,104

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**4. DEFERRED REVENUE**

	2025	2024
Canada Community Building Fund - direct allocation		
Balance - beginning of year	\$ 715,194	\$ 589,068
Allocation received during the year	100,000	100,000
Interest	25,598	27,353
Eligible expenditures incurred	(18,642)	(1,227)
Balance - end of year	822,150	715,194
Other deferred revenue		
New Horizons Seniors Project	24,900	-
New Horizons grant	1,308	2,592
Rural Growth Initiative - Community Revitalization	-	109,534
Province of PEI - Seniors Community Meal Pilot Program	-	5,000
Equalization grant	-	4,351
Total deferred revenue	\$ 848,358	\$ 836,671

Under the Canada Community Building Fund, the Municipality is allocated \$100,000 per year for fiscal years ending March 31, 2025 to 2029. These funds, along with interest earned, must be used for eligible infrastructure and capacity building projects. Any funds received under this program, including interest earned, but not yet spent are recognized as deferred revenue at the end of the period.

**5. LONG TERM DEBT**

	2025	2024
<b><u>General</u></b>		
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.	\$ 90,000	\$ 94,800
<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 January 31, 2026, is amortized to 2036, and is secured by a borrowing resolution.	161,752	189,748
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.	3,463	7,619

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**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**5. LONG TERM DEBT (continued)**

	2025	2024
<b>Water</b>		
Bank of Nova Scotia - prime; repaid during year.	-	6,942
	<b>\$ 255,215</b>	<b>\$ 299,109</b>

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

2026	\$ 36,260
2027	32,796
2028	32,796
2029	32,796
2030	32,766
Thereafter	87,801
	<b>\$ 255,215</b>

**6. INTANGIBLE ASSETS**

	2025	2024
Land Use Plan	<b>\$ 40,624</b>	<b>\$ 28,909</b>

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

**7. GOVERNMENT TRANSFERS**

	2025	2024
<u>Government transfers for operations</u>		
<u>General</u>		
Province of PEI - Community revitalization	\$ 100,000	\$ -
Provincial equalization grant	52,206	47,953
Provincial wage grant	19,328	11,861
Province of PEI - Seniors Community Meal Grant	5,000	-
New Horizons for Seniors	1,284	-
Innovation PEI	-	1,200
	<b>177,818</b>	<b>61,014</b>
<u>Fire Department</u>		
Department of Health and Wellness - Live Well PEI Wellness Grant	5,980	-

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**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**7. GOVERNMENT TRANSFERS (continued)**

	2025	2024
<u>Government transfers for capital</u>		
<u>General</u>		
Province of PEI - Community revitalization	\$ 34,534	\$ 115,466
Canada Community Building Fund	18,648	1,226
Atlantic Canada Opportunities Agency	15,319	37,881
Municipal Capital Expenditure Grant	8,044	14,803
New Horizons for Seniors	-	16,908
	76,545	186,284
 <u>Sewer</u>		
Municipal Capital Expenditure Grant	34	317
<u>Water</u>		
Municipal Capital Expenditure Grant	388	(868)
	\$ 76,967	\$ 185,733

**8. ACCUMULATED SURPLUS**

	2025	2024
Unrestricted surplus	\$ 388,573	\$ 326,953
Reserve funds (Note 9)	243,560	184,077
Investment in tangible capital assets (Note 10)	3,918,262	3,916,711
Investment in intangible assets (Note 6)	40,624	28,909
	\$ 4,591,019	\$ 4,456,650

**9. RESERVE FUNDS**

	2025	2024
<u>Protective Services Reserve</u>		
Balance - beginning of year	\$ 184,077	\$ 134,894
Allocation to protective services reserve	59,483	49,183
	\$ 243,560	\$ 184,077

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**10. INVESTMENT IN TANGIBLE CAPITAL ASSETS**

	2025	2024
Tangible capital assets - Schedules 1 and 2	\$ 6,417,489	\$ 6,325,918
Accumulated amortization - Schedules 1 and 2	(2,244,012)	(2,110,098)
Long term debt (Note 5)	(255,215)	(299,109)
	\$ 3,918,262	\$ 3,916,711

**11. BUDGET FIGURES**

A reconciliation of the 2025 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 deficit	\$ (13,425)
Crapaud Water Corporation budgeted annual deficit	(41,000)
Crapaud Sewerage Corporation budgeted annual deficit	(15,100)
	\$ 30,475

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, 2025.

(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, 2025**

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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. 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. The Municipality has an approved line of credit with Provincial Credit Union Limited with a maximum limit of \$100,000. The line of credit bears a 5.95% interest rate. Security for the line of credit is a borrowing resolution.

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Tangible Capital Assets**  
**Year Ended March 31, 2025**

(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	\$ 633,057	\$ -	\$ -	\$ 633,057	\$ -	\$ -	\$ -	\$ -	\$ 633,057
Buildings	1,267,789	21,092	-	1,288,881	543,476	28,421	-	571,897	716,984
Fire vehicles	636,802	-	-	636,802	496,987	26,267	-	523,254	113,548
Equipment	614,751	62,347	-	677,098	450,300	38,913	-	489,213	187,885
Electronic equipment	5,751	-	-	5,751	5,297	454	-	5,751	-
Signage	4,006	-	-	4,006	3,330	331	-	3,661	345
	<b>\$ 3,162,156</b>	<b>\$ 83,439</b>	<b>\$ -</b>	<b>\$ 3,245,595</b>	<b>\$ 1,499,390</b>	<b>\$ 94,386</b>	<b>\$ -</b>	<b>\$ 1,593,776</b>	<b>\$ 1,651,819</b>
<b>Sewer and Water</b>									
Land	\$ 2,693	\$ -	\$ -	\$ 2,693	\$ -	\$ -	\$ -	\$ -	\$ 2,693
Sewerage system	2,452,730	3,864	-	2,456,594	486,191	29,479	-	515,670	1,940,924
Sewerage equipment	56,343	-	-	56,343	27,833	2,173	-	30,006	26,337
Water system	493,505	-	-	493,505	73,542	5,922	-	79,464	414,041
Wells and springs	158,491	4,268	-	162,759	23,143	1,953	-	25,096	137,663
	<b>\$ 3,163,762</b>	<b>\$ 8,132</b>	<b>\$ -</b>	<b>\$ 3,171,894</b>	<b>\$ 610,709</b>	<b>\$ 39,527</b>	<b>\$ -</b>	<b>\$ 650,236</b>	<b>\$ 2,521,658</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 6,325,918</b>	<b>\$ 91,571</b>	<b>\$ -</b>	<b>\$ 6,417,489</b>	<b>\$ 2,110,098</b>	<b>\$ 133,914</b>	<b>\$ -</b>	<b>\$ 2,244,012</b>	<b>\$ 4,173,476</b>

Notes 1 - 15 are an integral part of these consolidated financial statements

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

(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	\$ 35,310	\$ -	\$ 633,057	\$ -	\$ -	\$ -	\$ -	\$ 633,057
Buildings	1,040,423	227,366	-	1,267,789	515,581	27,894	-	543,476	724,313
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	\$ 1,401,590	\$ 97,799	\$ -	\$ 1,499,390	\$ 1,662,766
<b>Sewer and Water</b>									
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
<b>Total Tangible Capital Assets</b>	\$ 5,981,329	\$ 344,589	\$ -	\$ 6,325,918	\$ 1,972,869	\$ 137,228	\$ -	\$ 2,110,098	\$ 4,215,820

Notes 1 - 15 are an integral part of these consolidated financial statements



**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Operations - General**  
**Year Ended March 31, 2025**

(Schedule 3)

	Budget 2025	Actual 2025	Actual 2024
<b>Revenues</b>			
Real property tax	\$ 135,000	\$ 198,170	\$ 117,416
Government transfers for operations (Note 7)	55,000	177,818	61,014
Rent	14,000	20,679	19,973
Hall	8,000	14,686	7,201
Miscellaneous	8,000	6,592	4,600
Interest	1,500	3,296	2,985
Lot sales - net	25,000	-	-
	<u>246,500</u>	<u>421,241</u>	<u>213,189</u>
<b>Expenditures</b>			
Community hall (Schedule 4)	35,000	45,701	45,442
General Government (Schedule 4)	177,550	290,413	126,697
Professional Centre (Schedule 5)	24,500	31,957	32,922
Recreation, Parks and Streets (Schedule 5)	22,875	27,843	22,809
	<u>259,925</u>	<u>395,914</u>	<u>227,870</u>
<b>Operating surplus (deficit)</b>	<u>\$ (13,425)</u>	<u>\$ 25,327</u>	<u>\$ (14,681)</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Expenditures - General** **(Schedule 4)**  
**Year Ended March 31, 2025**

	Budget 2025	Actual 2025	Actual 2024
<b>Community Hall</b>			
Amortization of tangible capital assets	\$ 7,000	\$ 9,526	\$ 9,185
Electricity	1,500	3,684	2,723
Heat	7,100	2,771	3,369
Insurance	7,000	9,738	9,458
Interest on long term debt	3,000	5,851	6,889
Office and administration	1,000	3,615	1,405
Repairs and maintenance	3,000	4,282	6,451
Taxes and sewerage utility	2,400	3,234	2,962
	<u>32,000</u>	<u>42,701</u>	<u>42,442</u>
Transfers:			
Expenditures allocated from general government	3,000	3,000	3,000
	<u>\$ 35,000</u>	<u>\$ 45,701</u>	<u>\$ 45,442</u>
<b>General Government</b>			
Advertising and donations	\$ 3,000	\$ 109,722	\$ 1,734
Amortization of tangible capital assets	2,550	5,022	5,996
Dues	1,500	1,062	1,055
Election	1,500	980	-
Fire protection	12,500	12,500	12,100
Honorariums	19,600	17,971	18,296
Interest and bank charges	5,500	3,244	3,188
Liability insurance	32,000	23,346	23,021
Library	3,000	1,667	1,232
Municipal office	-	14,789	3,945
Office and postage	7,000	7,315	5,399
Professional fees	25,000	23,156	16,407
Telephone	2,400	1,818	1,520
Travel and meetings	2,000	1,009	302
Wages and wage levies	90,000	96,812	62,502
	<u>207,550</u>	<u>320,413</u>	<u>156,697</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>\$ 177,550</u>	<u>\$ 290,413</u>	<u>\$ 126,697</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Expenditures - General**  
**Year Ended March 31, 2025**

(Schedule 5)

	Budget 2025	Actual 2025	Actual 2024
<b>Professional Centre</b>			
Amortization of tangible capital assets	\$ 14,000	\$ 14,809	\$ 14,623
Electricity	4,000	5,759	8,324
Heat	5,000	3,966	5,791
Insurance	2,200	2,415	2,754
Repairs and maintenance	5,000	8,584	5,822
Snow removal and grass cutting	6,100	7,382	7,022
Taxes and sewerage utility	1,200	2,042	1,586
	<u>37,500</u>	<u>44,957</u>	<u>45,922</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>\$ 24,500</u>	<u>\$ 31,957</u>	<u>\$ 32,922</u>
<b>Recreation, Parks and Streets</b>			
Amortization of tangible capital assets	\$ 4,500	\$ 682	\$ 2,556
Bug control	3,000	3,228	3,315
Festival and events	100	8,362	3,540
Mileage	1,000	2,500	2,391
Property taxes	5,200	3,394	1,472
Sponsorships	-	200	400
Street lights	9,075	9,477	9,135
	<u>\$ 22,875</u>	<u>\$ 27,843</u>	<u>\$ 22,809</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Operations - Fire Protection**  
**Year Ended March 31, 2025**

(Schedule 6)

	Budget 2025	Actual 2025	Actual 2024
<b>Revenues</b>			
Fire dues	\$ 194,000	\$ 234,309	\$ 212,948
Interest	-	11,372	11,185
Government transfers for operations (Note 7)	-	5,980	-
	<u>194,000</u>	<u>251,661</u>	<u>224,133</u>
<b>Expenditures</b>			
Amortization of tangible capital assets	65,400	64,348	65,438
Gas and oil	3,000	4,485	2,028
Heat	6,000	6,730	7,807
Honorariums	40,000	39,299	38,510
Insurance - firemen	6,000	4,659	4,527
Insurance - trucks	11,000	14,373	13,462
Interest and bank charges	200	152	277
Office, supplies and postage	10,500	7,918	7,839
Property taxes and sewer	1,200	578	578
Repairs and maintenance	20,200	2,343	5,358
Telephone and radio	8,500	7,432	6,488
Training, uniforms and mileage	4,000	17,454	6,903
Utilities	4,000	4,927	5,215
	<u>180,000</u>	<u>174,698</u>	<u>164,430</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>188,698</u>	<u>178,430</u>
<b>Operating surplus</b>	<u>\$ -</u>	<u>\$ 62,963</u>	<u>\$ 45,703</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Operations - Sewerage**  
**Year Ended March 31, 2025**

(Schedule 7)

	Budget 2025	Actual 2025	Actual 2024
<b>Revenues</b>			
Flat rate revenues	\$ 79,000	\$ 86,101	\$ 85,022
<b>Expenditures</b>			
General:			
Insurance	-	775	1,053
Interest and bank charges	1,500	1,220	921
Miscellaneous	3,500	702	1,649
Professional fees	-	-	438
Regulatory commission fees	1,000	1,075	1,002
	<u>6,000</u>	<u>3,772</u>	<u>5,063</u>
Operating:			
Operator fee	18,500	11,917	12,466
Repairs and maintenance	20,000	6,429	6,326
Utilities	12,000	10,028	9,615
	<u>50,500</u>	<u>28,374</u>	<u>28,407</u>
Other:			
Amortization of tangible capital assets	32,500	31,652	31,606
Bad debts	-	4,542	-
Interest on long term debt	10,000	11,566	15,158
	<u>42,500</u>	<u>47,760</u>	<u>46,764</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>120,000</u>	<u>100,906</u>	<u>101,234</u>
<b>Operating deficit</b>	<b>\$ (41,000)</b>	<b>\$ (14,805)</b>	<b>\$ (16,212)</b>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Operations - Water**  
**Year Ended March 31, 2025**

(Schedule 8)

	Budget 2025	Actual 2025	Actual 2024
<b>Revenues</b>			
Flat rate revenues	\$ 22,650	\$ 21,135	\$ 22,268
Interest	350	846	-
	<u>23,000</u>	<u>21,981</u>	<u>22,268</u>
<b>Expenditures</b>			
General:			
Insurance	-	1,176	1,390
Interest and bank charges	200	322	314
Miscellaneous	2,400	1,555	1,060
Regulatory commission fees	300	250	250
	<u>2,900</u>	<u>3,303</u>	<u>3,014</u>
Operating:			
Operator fee	12,000	11,917	12,151
Repairs and maintenance	6,400	6,071	5,755
Utilities	3,000	3,679	3,337
	<u>21,400</u>	<u>21,667</u>	<u>21,243</u>
Other:			
Amortization of tangible capital assets	7,800	7,875	7,824
Interest on long term debt	1,000	219	838
	<u>8,800</u>	<u>8,094</u>	<u>8,662</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>38,100</u>	<u>38,064</u>	<u>37,919</u>
<b>Operating deficit</b>	<u>\$ (15,100)</u>	<u>\$ (16,083)</u>	<u>\$ (15,651)</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Segment Disclosures**  
**Year Ended March 31, 2025**

(Schedule 9)

	General Government	Fire Department	Sewer Utility	Water Utility	Elimination	Consolidated 2025
<b>Revenues</b>						
Fire dues	\$ -	\$ 234,309	\$ -	\$ -	\$ (12,500)	\$ 221,809
Real property taxes	198,170	-	-	-	-	198,170
Sewer/Water dues	-	-	86,101	21,135	(3,465)	103,771
Government transfers for operations	177,818	5,980	-	-	-	183,798
Rent	20,679	-	-	-	-	20,679
Miscellaneous	6,592	-	-	-	-	6,592
Hall	14,686	-	-	-	-	14,686
Interest	3,296	11,372	-	846	-	15,514
	<b>421,241</b>	<b>251,661</b>	<b>86,101</b>	<b>21,981</b>	<b>(15,965)</b>	<b>765,019</b>
<b>Expenditures</b>						
Salaries and benefits	114,783	39,299	11,917	11,917	-	177,916
Goods and services	241,997	84,899	44,551	17,731	(15,965)	373,213
Amortization of tangible capital assets	30,039	64,348	31,652	7,875	-	133,914
Interest	9,095	152	12,786	541	-	22,574
	<b>395,914</b>	<b>188,698</b>	<b>100,906</b>	<b>38,064</b>	<b>(15,965)</b>	<b>707,617</b>
<b>Operating surplus (deficit)</b>	<b>25,327</b>	<b>62,963</b>	<b>(14,805)</b>	<b>(16,083)</b>	<b>-</b>	<b>57,402</b>
Government transfers for capital	76,545	-	34	388	-	76,967
<b>Annual surplus (deficit)</b>	<b>\$ 101,872</b>	<b>\$ 62,963</b>	<b>\$ (14,771)</b>	<b>\$ (15,695)</b>	<b>-</b>	<b>\$ 134,369</b>

Notes 1 - 15 are an integral part of these consolidated financial statements  
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**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Segment Disclosures**  
**Year Ended March 31, 2024**  
**(Schedule 10)**

	General Government	Fire Department	Sewer Utility	Water Utility	Elimination	Consolidated 2024
<b>Revenues</b>						
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
	213,189	224,133	85,022	22,268	(15,565)	529,047
<b>Expenditures</b>						
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
	227,870	178,430	101,234	37,919	(15,565)	529,888
<b>Operating surplus (deficit)</b>	(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
<b>Annual surplus (deficit)</b>	\$ 346,603	\$ 45,703	\$ (15,895)	\$ (16,519)	\$ -	\$ 359,892

Notes 1 - 15 are an integral part of these consolidated financial statements  
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