

**RURAL MUNICIPALITY OF CRAPAUD  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2019**

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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.

Mayor and Council meet 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 Municipality. 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 MUNICIPAL COUNCIL:

 Mayor

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## INDEPENDENT AUDITOR'S REPORT

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### TO THE MAYOR AND MEMBERS OF COUNCIL

#### Opinion

We have audited the consolidated financial statements of the Rural Municipality of Crapaud, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net financial assets and cash flow for the 15 months then ended, 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 Rural Municipality of Crapaud as at March 31, 2019, and the results of its operations and its cash flows for the 15 months 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 Rural Municipality of Crapaud 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.

#### 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 financial statements, including the disclosures, and whether the 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.*

CHARLOTTETOWN, P.E.I.

OCTOBER 15, 2019

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**RURAL MUNICIPALITY OF CRAPAUD  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2019**

	2019	December 31, 2017
<b>Financial Assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 296,905	\$ 350,082
Restricted	52,271	50,374
Accounts receivable	270,313	139,272
	<b>619,489</b>	<b>539,728</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	25,007	45,262
Deferred revenue - Note 3	25,448	6,500
Long term debt - Note 4	503,438	419,172
	<b>553,893</b>	<b>470,934</b>
<b>Net Financial Assets - Statement 3</b>	<b>65,596</b>	<b>68,794</b>
<b>Non-Financial Assets</b>		
Tangible capital assets - Schedule 1	4,324,536	4,157,391
Prepaid expenses	6,780	10,667
Land held for resale	7,024	8,601
	<b>4,338,340</b>	<b>4,176,659</b>
<b>Accumulated Surplus</b>	<b>\$ 4,403,936</b>	<b>\$ 4,245,453</b>
<b>Municipal Position</b>		
Accumulated surplus - Statement 2	<b>\$ 4,403,936</b>	<b>\$ 4,245,453</b>

ON BEHALF OF THE MUNICIPAL COUNCIL:

 Mayor

 Councilor

(Notes 1 to 13 are an integral part of these consolidated financial statements)

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**RURAL MUNICIPALITY OF CRAPAUD  
CONSOLIDATED STATEMENT OF OPERATIONS  
15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Actual 2017 (12 months)
<b>Revenues</b>			
General - Schedule 2	\$ 423,642	\$ 465,639	\$ 347,886
Sewerage - Schedule 6	144,737	182,054	369,178
Water - Schedule 7	27,135	38,457	21,734
	<u>595,514</u>	<u>686,150</u>	<u>738,798</u>
<b>Expenditures</b>			
General - Schedule 2	386,504	374,334	300,517
Sewerage - Schedule 6	113,777	118,556	90,556
Water - Schedule 7	37,497	42,737	33,190
	<u>537,778</u>	<u>535,627</u>	<u>424,263</u>
<b>Net Revenue From Operations</b>	57,736	150,523	314,535
<b>Other and Transfers</b>			
Gain on disposal of tangible capital assets	-	7,960	-
	<u>57,736</u>	<u>158,483</u>	<u>314,535</u>
<b>Change in Fund Balances</b>		4,245,453	3,930,918
<b>Accumulated Surplus - Beginning of Period</b>		<u>\$ 4,403,936</u>	<u>\$ 4,245,453</u>
<b>Accumulated Surplus - End of Period - Note 7</b>			
<b>Change in Fund Balances</b>			
General - Schedule 2		\$ 99,265	\$ 47,369
Sewerage - Schedule 6		63,498	278,622
Water - Schedule 7		(4,280)	(11,456)
		<u>\$ 158,483</u>	<u>\$ 314,535</u>

(Notes 1 to 13 are an integral part of these consolidated financial statements)

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**RURAL MUNICIPALITY OF CRAPAUD  
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Actual 2017 (12 months)
Change in fund balances	\$ 57,736	\$ 158,483	\$ 314,535
Gain on disposal of tangible capital assets	-	(7,960)	-
Amortization of tangible capital assets	-	169,940	123,637
Purchase of tangible capital assets	(215,042)	(337,085)	(414,772)
Proceeds from sale of tangible capital assets	-	7,960	-
Decrease in prepaid expenses	-	3,887	-
Decrease in land for resale	-	1,577	-
<b>Increase (Decrease) in Net Financial Assets</b>	<b><u>\$ (157,306)</u></b>	<b>(3,198)</b>	<b>23,400</b>
<b>Net Financial Assets - Beginning of Period</b>		<b><u>68,794</u></b>	<b>45,394</b>
<b>Net Financial Assets - End of Period</b>		<b><u>\$ 65,596</u></b>	<b><u>\$ 68,794</u></b>

(Notes 1 to 13 are an integral part of these consolidated financial statements)

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**RURAL MUNICIPALITY OF CRAPAUD  
CONSOLIDATED STATEMENT OF CASH FLOW  
15 MONTHS ENDED MARCH 31, 2019**

	2019	2017 (12 months)
<b>Cash Flows From Operating Activities</b>		
Change in fund balances	\$ 158,483	\$ 314,535
Gain on disposal of tangible capital assets	(7,960)	-
Amortization of tangible capital assets	169,940	123,637
Increase in accounts receivable	(131,041)	(46,946)
Decrease in prepaid expenses	3,887	-
Increase (decrease) in accounts payable and accrued liabilities	(20,255)	27,337
Increase (decrease) in deferred revenue	18,948	(92,189)
(Increase) decrease in land held for resale	1,577	(4,176)
	<b>193,579</b>	<b>322,198</b>
<b>Cash Flows From Capital Activities</b>		
Purchase of tangible capital assets	(337,085)	(414,772)
Reallocation of land held for resale	-	4,176
	<b>(337,085)</b>	<b>(410,596)</b>
<b>Cash Flows From Financing Activities</b>		
Repayment of long term debt	(35,734)	(75,896)
Proceeds from sale of tangible capital assets	7,960	-
Proceeds from long term debt	120,000	-
	<b>92,226</b>	<b>(75,896)</b>
<b>Decrease in Cash and Cash Equivalents</b>	<b>(51,280)</b>	<b>(164,294)</b>
<b>Cash and Cash Equivalents - Beginning of Period</b>	<b>400,456</b>	<b>564,750</b>
<b>Cash and Cash Equivalents - End of Period</b>	<b>\$ 349,176</b>	<b>\$ 400,456</b>
 <b>Cash and Cash Equivalents Consists of:</b>		
Unrestricted	\$ 296,905	\$ 350,082
Restricted	52,271	50,374
	<b>\$ 349,176</b>	<b>\$ 400,456</b>

(Notes 1 to 13 are an integral part of these consolidated financial statements)

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**RURAL MUNICIPALITY OF CRAPAUD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2019**

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## **1. Description of Business**

The Rural Municipality of Crapaud ("the Municipality") is incorporated under the Municipalities Act of Prince Edward Island. The Municipality is a non-profit organization under the Income Tax Act.

## **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 consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records 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 period 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 change in financial position 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:

Rural Municipality of Crapaud  
Crapaud Water Corporation  
Crapaud Sewerage Corporation

### **Cash and Cash Equivalents**

Cash and cash equivalents comprises cash on hand, cash in banks and short term investments.

### **Accounts Receivable**

Accounts receivable arise from water and sewer dues, fire dues, funding agreements, 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 non-collectible 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 THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

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## 2. Significant Accounting Policies (cont'd)

### Tangible Capital Assets

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

All costs associated with placing an asset in service, including freight, installation costs, site preparation costs, alterations, and professional fees are included in the capitalized cost.

Interest expense on capital debt incurred during the construction or renovation of an asset is included in the capitalized value. No interest was capitalized during the current or preceding periods.

### 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.

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

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**RURAL MUNICIPALITY OF CRAPAUD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

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## **2. Significant Accounting Policies (cont'd)**

### **Non-Financial Assets**

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

### **Revenue Recognition**

The Municipality follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which 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 periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

### **Use of Estimates**

The presentation of the consolidated 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 consolidated 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; and
- The recognized amounts of potential claims and liabilities depend on management's assessment of future costs and the probability these events will occur.

**RURAL MUNICIPALITY OF CRAPAUD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**3. Deferred Revenue**

	March 31 2019	December 31 2017
Gas tax		
Balance - beginning of period	\$ -	\$ 96,750
Allocation received during the period	100,000	100,000
Interest	183	316
Eligible expenditures incurred	<u>(74,735)</u>	<u>(197,066)</u>
Balance - end of period	<u>25,448</u>	-
Other		
Balance - beginning of period	6,500	1,939
Amounts received during the period	-	5,000
Expenditures incurred	<u>(6,500)</u>	<u>(439)</u>
Balance - end of period	<u>-</u>	<u>6,500</u>
Total deferred revenue	<u>\$ 25,448</u>	<u>\$ 6,500</u>

Under the New Deals Gas Tax Funding for Incorporated Communities and the New Deals for Cities & Communities, the Municipality is allocated \$100,000 per year for fiscal years ending March 31, 2015 - 2019. 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.

**RURAL MUNICIPALITY OF CRAPAUD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**4. Long Term Debt**

**March 31**    **December 31**  
**2019**            **2017**

**General**

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 a borrowing resolution.

\$ 118,800    \$ -

**Sewerage**

Bank of Nova Scotia - prime; repayable in monthly principal installments of \$1,559 plus interest. The loan is renewable on December 1, 2020, is amortized to 2035, and is secured by a borrowing resolution.

312,701            336,086

Bank of Nova Scotia - prime plus 1%; repayable in monthly principal installments of \$352 plus interest. The loan is renewable on January 4, 2021, is amortized to 2026, and is secured by a borrowing resolution.

28,524            33,806

341,225            369,892

**Water**

Bank of Nova Scotia - prime; repayable in monthly principal installments of \$391 plus interest. The loan is renewable on June 30, 2022, is amortized to 2028, and is secured by a borrowing resolution.

43,413            49,280

\$ 503,438    \$ 419,172

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

	General	Sewerage	Water	Total
2020	\$ 4,800	\$ 22,932	\$ 4,693	\$ 32,425
2021	4,800	22,932	4,693	32,425
2022	4,800	22,932	4,693	32,425
2023	4,800	22,932	4,693	32,425
2024	4,800	22,932	4,693	32,425

**RURAL MUNICIPALITY OF CRAPAUD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**5. Government Transfers for Operations**

	March 31 2019	December 31 2017
<b>General</b>		
Provincial equalization grant	\$ 31,171	\$ 26,403
Provincial wage grants	11,644	7,895
	<u>\$ 42,815</u>	<u>\$ 34,298</u>

**6. Government Transfers for Capital**

<b>General</b>		
Municipal Capital Expenditure Grant	\$ 22,528	\$ 6,131
Atlantic Canada Opportunities Agency	10,033	19,499
	<u>32,561</u>	<u>25,630</u>
<b>Sewerage</b>		
New Deals Gas Tax	64,400	197,066
Clean Water Wastewater funding	11,455	63,546
Municipal Capital Expenditure Grant	4,359	26,528
	<u>80,214</u>	<u>287,140</u>
<b>Water</b>		
New Deals Gas Tax	10,334	-
Municipal Capital Expenditure Grant	940	-
	<u>11,274</u>	<u>-</u>
	<u>\$ 124,049</u>	<u>\$ 312,770</u>

**7. Accumulated Surplus**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

Unrestricted surplus	\$ 419,317	\$ 370,471
Reserve funds - Note 8	163,521	136,763
Equity in tangible capital assets - Note 9	3,821,098	3,738,219
	<u>\$ 4,403,936</u>	<u>\$ 4,245,453</u>

**RURAL MUNICIPALITY OF CRAPAUD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2019**

**8. Reserve Funds**

	<b>March 31</b>	<b>December 31</b>
	<b>2019</b>	<b>2017</b>
<b>Fire Department Reserve</b>		
Balance - beginning of period	\$ 136,763	\$ 128,291
Allocation to fire reserve	<u>26,758</u>	<u>8,472</u>
Balance - end of period	<u><u>\$ 163,521</u></u>	<u><u>\$ 136,763</u></u>

**9. Equity in Tangible Capital Assets**

Tangible capital assets - Schedule 1	\$ 5,748,725	\$ 5,598,640
Accumulated amortization - Schedule 1	(1,424,189)	(1,441,249)
Long term debt - Note 4	<u>(503,438)</u>	<u>(419,172)</u>
	<u><u>\$ 3,821,098</u></u>	<u><u>\$ 3,738,219</u></u>

**10. Budget Figures**

A reconciliation of the 2019 fiscal operating budget prepared by Council to the budget figures disclosed in the consolidated financial statements is as follows:

	<b>2019</b>
Rural Municipality of Crapaud budgeted annual surplus	\$ 37,137
Crapaud Water Corporation annual deficit	(10,361)
Crapaud Sewerage Corporation annual surplus	<u>30,960</u>
	<u><u>\$ 57,736</u></u>

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



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**RURAL MUNICIPALITY OF CRAPAUD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2019**

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## **11. 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, 2019.

### **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.

### **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.

## **12. 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.

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**RURAL MUNICIPALITY OF CRAPAUD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2019**

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### **13. Segment Disclosure**

#### 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.

**RURAL MUNICIPALITY OF CRAPAUD  
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
TANGIBLE CAPITAL ASSETS  
MARCH 31, 2019**

	Cost Beginning of Period	Additions	Disposals and Write Downs	Cost End of Period	Accum Amort Beginning of Period	Amort in the Period	Disposals and Write Downs	Accum Amort End of Period	Net Book Value
<b>General</b>									
Land	\$ 567,749	\$ 30,000	\$ -	\$ 597,749	\$ -	\$ -	\$ -	\$ -	\$ 597,749
Buildings	832,949	132,089	-	965,038	386,314	30,157	-	416,471	548,567
Fire vehicles	689,489	77,308	(187,000)	579,797	467,813	48,340	(187,000)	329,153	250,644
Equipment	409,814	38,152	-	447,966	217,686	41,998	-	259,684	188,282
Electronic equipment	3,130	-	-	3,130	3,130	-	-	3,130	-
Signage	2,752	1,254	-	4,006	826	501	-	1,327	2,679
	<u>2,505,883</u>	<u>278,803</u>	<u>(187,000)</u>	<u>2,597,686</u>	<u>1,075,769</u>	<u>120,996</u>	<u>(187,000)</u>	<u>1,009,765</u>	<u>1,587,921</u>
<b>Sewer and Water</b>									
Land	2,693	-	-	2,693	-	-	-	-	2,693
Sewerage system	2,404,783	47,947	-	2,452,730	302,238	36,790	-	339,028	2,113,702
Sewerage equipment	53,171	-	-	53,171	15,084	2,518	-	17,602	35,569
Water system	473,619	10,335	-	483,954	36,902	7,259	-	44,161	439,793
Wells and springs	158,491	-	-	158,491	11,256	2,377	-	13,633	144,858
	<u>3,092,757</u>	<u>58,282</u>	<u>-</u>	<u>3,151,039</u>	<u>365,480</u>	<u>48,944</u>	<u>-</u>	<u>414,424</u>	<u>2,736,615</u>
<b>Total Tangible Capital Assets</b>	<u>\$ 5,598,640</u>	<u>\$ 337,085</u>	<u>\$ (187,000)</u>	<u>\$ 5,748,725</u>	<u>\$ 1,441,249</u>	<u>\$ 169,940</u>	<u>\$ (187,000)</u>	<u>\$ 1,424,189</u>	<u>\$ 4,324,536</u>

(Notes 1 to 13 are an integral part of these consolidated financial statements)

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**RURAL MUNICIPALITY OF CRAPAUD  
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
TANGIBLE CAPITAL ASSETS  
DECEMBER 31, 2017**

	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	\$ 571,924	\$ -	(4,175)	\$ 567,749	\$ -	\$ -	\$ -	\$ -	\$ 567,749
Buildings	791,756	41,193	-	832,949	365,489	20,825	-	386,314	446,635
Fire vehicles	689,489	-	-	689,489	434,297	33,516	-	467,813	221,676
Equipment	334,751	75,063	-	409,814	187,462	30,224	-	217,686	192,128
Electronic equipment	3,130	-	-	3,130	2,816	314	-	3,130	-
Signage	2,752	-	-	2,752	550	276	-	826	1,926
	2,393,802	116,256	(4,175)	2,505,883	990,614	85,155	-	1,075,769	1,430,114
<b>Sewer and Water</b>									
Land	2,693	-	-	2,693	-	-	-	-	2,693
Sewerage system	2,144,915	259,868	-	2,404,783	273,356	28,882	-	302,238	2,102,545
Sewerage equipment	14,792	38,379	-	53,171	13,070	2,014	-	15,084	38,087
Water system	473,350	269	-	473,619	31,218	5,684	-	36,902	436,717
Wells and springs	158,491	-	-	158,491	9,354	1,902	-	11,256	147,235
	2,794,241	298,516	-	3,092,757	326,998	38,482	-	365,480	2,727,277
<b>Total Tangible Capital Assets</b>	<b>\$ 5,188,043</b>	<b>\$ 414,772</b>	<b>(4,175)</b>	<b>\$ 5,598,640</b>	<b>\$ 1,317,612</b>	<b>\$ 123,637</b>	<b>\$ -</b>	<b>\$ 1,441,249</b>	<b>\$ 4,157,391</b>

(Notes 1 to 13 are an integral part of these consolidated financial statements)

**RURAL MUNICIPALITY OF CRAPAUD**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SCHEDULE OF OPERATIONS - GENERAL**  
**15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Schedule 2 Actual 2017 (12 months)
<b>Revenues</b>			
Fire dues	\$ 221,344	\$ 234,125	\$ 176,400
Real property tax	117,500	120,587	94,045
Government transfers for operations - Note 5	41,298	42,815	34,298
Government transfers for capital - Note 6	14,626	32,561	25,630
Rent	26,999	23,973	13,772
Lot sales - net	-	6,228	-
Sponsorships of community events	-	2,725	2,119
Interest	1,875	2,625	1,622
	<b>423,642</b>	<b>465,639</b>	<b>347,886</b>
<b>Expenditures</b>			
Community Hall - Schedule 3	-	15,214	-
Fire Protection - Schedule 3	216,776	204,032	167,928
General Government - Schedule 4	109,714	96,547	80,945
Parks and Public Property - Schedule 4	16,126	10,203	11,795
Professional Centre - Schedule 5	25,138	32,348	25,915
Recreation - Schedule 5	7,500	4,491	4,987
Streets - Schedule 5	11,250	11,499	8,947
	<b>386,504</b>	<b>374,334</b>	<b>300,517</b>
<b>Other and Transfers</b>			
Gain on disposal of tangible capital assets	-	7,960	-
<b>Change in Fund Balance</b>	<b>\$ 37,138</b>	<b>\$ 99,265</b>	<b>\$ 47,369</b>

(Notes 1 to 13 are an integral part of these consolidated financial statements)

**RURAL MUNICIPALITY OF CRAPAUD**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SCHEDULE OF EXPENDITURES - GENERAL**  
**15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Schedule 3 Actual 2017 (12 months)
<b>Community Hall</b>			
Amortization of tangible capital assets	\$ -	\$ 5,689	\$ -
Electricity	-	317	-
Heat	-	2,581	-
Insurance	-	2,029	-
Interest on long term debt	-	1,358	-
Repairs and maintenance	-	1,034	-
Snow removal and grass cutting	-	880	-
Taxes and sewerage utility	-	1,326	-
	<u>\$ -</u>	<u>\$ 15,214</u>	<u>\$ -</u>
<b>Fire Protection</b>			
Amortization of tangible capital assets	\$ 92,636	\$ 90,010	\$ 65,943
Gas and oil	2,875	2,451	2,194
Heat	5,000	8,202	3,955
Honorariums	37,500	30,473	29,991
Insurance - firemen	8,875	9,365	7,093
Insurance - trucks	13,375	13,316	10,680
Interest and bank charges	463	426	369
Interest on long term debt	-	-	390
Office, supplies and postage	8,875	12,788	8,125
Property taxes	2,904	578	2,323
Repairs and maintenance	12,906	6,738	5,900
Telephone and radio	5,625	5,354	4,498
Training and mileage	7,116	3,438	11,578
Utilities	3,500	5,767	2,789
	<u>201,650</u>	<u>188,906</u>	<u>155,828</u>
Transfers:			
Expenses allocated from general government	7,563	7,563	6,050
Expenses allocated from professional centre	7,563	7,563	6,050
	<u>\$ 216,776</u>	<u>\$ 204,032</u>	<u>\$ 167,928</u>

(Notes 1 to 13 are an integral part of these consolidated financial statements)

**RURAL MUNICIPALITY OF CRAPAUD**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SCHEDULE OF EXPENDITURES - GENERAL**  
**15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Schedule 4 Actual 2017 (12 months)
<b>General Government</b>			
Advertising	\$ 5,625	\$ 5,517	\$ 2,659
Amortization of tangible capital assets	2,160	2,331	2,075
Dues	1,347	953	1,078
Fire protection	15,125	15,125	12,100
Honorariums	21,792	15,901	13,933
Interest and bank charges	2,188	2,261	1,730
Liability insurance	7,750	7,878	6,169
Library	3,750	3,710	3,224
Office and postage	2,125	3,012	2,101
Professional fees	15,625	11,773	12,519
Telephone	2,210	2,519	1,668
Travel and meetings	625	586	210
Wages and wage levies	61,955	57,544	47,529
	<u>142,277</u>	<u>129,110</u>	<u>106,995</u>
Transfers:			
Expenses allocated to fire protection	(7,563)	(7,563)	(6,050)
Expenses allocated to sewerage and water	(25,000)	(25,000)	(20,000)
	<u>\$ 109,714</u>	<u>\$ 96,547</u>	<u>\$ 80,945</u>
<b>Parks and Public Property</b>			
Amortization of tangible capital assets	\$ 5,501	\$ 5,501	\$ 4,400
Bug control	2,500	1,997	1,997
Mileage	1,000	1,200	974
Property taxes	4,625	(190)	3,238
Repairs and improvements	2,500	1,695	1,186
	<u>\$ 16,126</u>	<u>\$ 10,203</u>	<u>\$ 11,795</u>

(Notes 1 to 13 are an integral part of these consolidated financial statements)

**RURAL MUNICIPALITY OF CRAPAUD**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SCHEDULE OF EXPENDITURES - GENERAL**  
**YEAR ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Actual 2017 (12 months)
<b>Schedule 5</b>			
<b>Professional Centre</b>			
Amortization of tangible capital assets	\$ 17,499	\$ 17,467	\$ 12,736
Electricity	2,500	457	4,546
Garbage collection	-	-	1,324
Heat	2,500	7,988	3,594
Insurance	6,175	5,896	4,843
Repairs and maintenance	2,500	5,689	2,200
Snow removal and grass cutting	4,875	8,078	5,400
Taxes and sewerage utility	2,902	586	2,322
	<u>38,951</u>	<u>46,161</u>	<u>36,965</u>
Transfers:			
Expenses allocated to fire protection	(7,563)	(7,563)	(6,050)
Expenses allocated to sewerage and water	(6,250)	(6,250)	(5,000)
	<u>\$ 25,138</u>	<u>\$ 32,348</u>	<u>\$ 25,915</u>
 <b>Recreation</b>			
Festivity supplies	\$ 5,750	\$ 2,233	\$ 4,596
Sponsorships	1,750	2,258	391
	<u>\$ 7,500</u>	<u>\$ 4,491</u>	<u>\$ 4,987</u>
 <b>Streets</b>			
Street lights	\$ 11,250	\$ 11,499	\$ 8,947

(Notes 1 to 13 are an integral part of these consolidated financial statements)



**RURAL MUNICIPALITY OF CRAPAUD**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SCHEDULE OF OPERATIONS - SEWERAGE**  
**15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Actual 2017 (12 months)
<b>Schedule 6</b>			
<b>Revenues</b>			
Flat rate revenues	\$ 99,125	\$ 98,951	\$ 79,330
Government transfers for capital - Note 6	43,112	80,214	287,140
Interest	2,500	2,889	2,708
	<b>144,737</b>	<b>182,054</b>	<b>369,178</b>
<b>Expenditures</b>			
General:			
Interest and bank charges	400	479	316
Miscellaneous	1,500	1,270	679
Regulatory commission fees	1,379	994	1,062
	<b>3,279</b>	<b>2,743</b>	<b>2,057</b>
Operating:			
Operator fee	15,000	13,730	11,405
Repairs and maintenance	6,250	8,497	5,590
Utilities	11,500	12,692	9,142
	<b>32,750</b>	<b>34,919</b>	<b>26,137</b>
Other:			
Amortization of tangible capital assets	39,213	39,309	30,896
Interest on long term debt	13,535	16,585	11,466
	<b>52,748</b>	<b>55,894</b>	<b>42,362</b>
<b>Subtotal Expenditures</b>	<b>88,777</b>	<b>93,556</b>	<b>70,556</b>
Allocation from general government	20,000	20,000	16,000
Allocation from professional centre	5,000	5,000	4,000
<b>Total Expenditures</b>	<b>113,777</b>	<b>118,556</b>	<b>90,556</b>
<b>Change in Fund Balance</b>	<b>\$ 30,960</b>	<b>\$ 63,498</b>	<b>\$ 278,622</b>

(Notes 1 to 13 are an integral part of these consolidated financial statements)

**RURAL MUNICIPALITY OF CRAPAUD**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SCHEDULE OF OPERATIONS - WATER**  
**15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Schedule 7 Actual 2017 (12 months)
<b>Revenues</b>			
Flat rate revenues	\$ 26,885	\$ 26,885	\$ 21,508
Government transfers for capital - Note 6	-	11,274	-
Interest	250	298	226
	<u>27,135</u>	<u>38,457</u>	<u>21,734</u>
<b>Expenditures</b>			
General:			
Interest and bank charges	188	247	152
Miscellaneous	750	1,587	954
Regulatory commission fees	288	254	271
	<u>1,226</u>	<u>2,088</u>	<u>1,377</u>
Operating:			
Operator fee	10,000	10,820	8,294
Repairs and maintenance	6,250	8,378	7,046
Utilities	2,750	3,444	2,394
	<u>19,000</u>	<u>22,642</u>	<u>17,734</u>
Other:			
Amortization of tangible capital assets	9,502	9,637	7,585
Interest on long term debt	1,519	2,120	1,494
	<u>11,021</u>	<u>11,757</u>	<u>9,079</u>
<b>Subtotal Expenditures</b>	<u>31,247</u>	<u>36,487</u>	<u>28,190</u>
Allocation from general government	5,000	5,000	4,000
Allocation from professional centre	1,250	1,250	1,000
<b>Total Expenditures</b>	<u>37,497</u>	<u>42,737</u>	<u>33,190</u>
<b>Change in Fund Balance</b>	<u>\$ (10,362)</u>	<u>\$ (4,280)</u>	<u>\$ (11,456)</u>

(Notes 1 to 13 are an integral part of these consolidated financial statements)