

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Financial Statements**  
**March 31, 2020**

**RURAL MUNICIPALITY OF CRAPAUD**  
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**March 31, 2020**

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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 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:

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Mayor

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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, 2020, and the consolidated statements of changes operations, changes in net debt 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, 2020, 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.

Charlottetown, PE

October 20, 2020

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Statement of Financial Position**  
**March 31, 2020**

	2020	2019 (Restated)
<b>Financial assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 246,509	\$ 296,905
Restricted	203,602	52,271
Accounts receivable	154,031	154,312
	<u>604,142</u>	<u>503,488</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	17,599	25,002
Deferred revenue (Note 3)	176,779	25,448
Long term debt (Note 4)	471,012	503,438
	<u>665,390</u>	<u>553,888</u>
<b>Net financial debt</b> (Statement 6)	<u>(61,248)</u>	<u>(50,400)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Schedules 1 and 2)	4,262,380	4,324,533
Land held for resale	6,381	7,024
Prepaid expense	12,107	6,780
	<u>4,280,868</u>	<u>4,338,337</u>
<b>Accumulated surplus and municipal position</b> (Statement 5)	<u>\$ 4,219,620</u>	<u>\$ 4,287,937</u>

ON BEHALF OF COUNCIL

\_\_\_\_\_ 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, 2020**

	Budget 2020	Actual 2020	Actual 2019 (15 months) (Restated)
<b>Revenues</b>			
General (Schedule 3)	\$ 250,832	\$ 200,738	\$ 213,194
Fire Protection (Schedule 4)	177,075	165,219	234,125
Sewerage (Schedule 7)	93,454	77,945	177,695
Water (Schedule 8)	22,200	22,730	37,518
	<u>543,561</u>	<u>466,632</u>	<u>662,532</u>
<b>Expenditures</b>			
Fire Protection (Schedule 4)	180,500	208,295	204,032
General (Schedule 3)	200,771	198,268	170,299
Sewerage (Schedule 7)	90,883	94,941	118,556
Water (Schedule 8)	31,378	33,445	42,737
	<u>503,532</u>	<u>534,949</u>	<u>535,624</u>
<b>Net revenues from operations</b>	<b>40,029</b>	<b>(68,317)</b>	<b>126,908</b>
<b>Other and transfers</b>			
Gain on disposal of tangible capital assets	-	-	7,960
<b>Change in fund balances</b>	<b>40,029</b>	<b>(68,317)</b>	<b>134,868</b>
<b>Accumulated surplus - beginning of year (as restated) (Note 6)</b>	<b>4,287,937</b>	<b>4,287,937</b>	<b>4,153,069</b>
<b>Accumulated surplus - end of year (Note 7)</b>	<b>\$ 4,327,966</b>	<b>\$ 4,219,620</b>	<b>\$ 4,287,937</b>

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

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Statement of Changes in Net Debt**  
**Year Ended March 31, 2020**

	Budget 2020	Actual 2020	Actual 2019 (15 months) (Restated)
Change in fund balance	\$ 40,029	\$ (68,317)	\$ 134,868
Amortization of tangible capital assets	132,124	140,865	169,943
Purchase of tangible capital assets	(86,050)	(78,712)	(337,085)
Proceeds on disposal of tangible capital assets	-	-	7,960
Gain on disposal of tangible capital assets	-	-	(7,960)
(Increase) decrease in prepaid expense	-	(5,327)	3,885
Decrease in land held for resale	-	643	1,577
	<u>46,074</u>	<u>57,469</u>	<u>(161,680)</u>
<b>Increase (decrease) in net financial assets</b>	<b>86,103</b>	<b>(10,848)</b>	<b>(26,812)</b>
<b>Net financial debt - beginning of year</b>	<u>(50,400)</u>	<u>(50,400)</u>	<u>(23,588)</u>
<b>Net financial assets (debt) - end of year</b>	<u>\$ 35,703</u>	<u>\$ (61,248)</u>	<u>\$ (50,400)</u>

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, 2020**

	Actual 2020	Actual 2019 (15 months) (Restated)
<b>Cash flows from operating activities</b>		
Change in fund balance	\$ (68,317)	\$ 134,868
Items not affecting cash:		
Amortization of tangible capital assets	140,865	169,943
Gain on disposal of tangible capital assets	-	(7,960)
	72,548	296,851
Changes in non-cash working capital:		
Accounts receivable	281	(107,422)
Land held for resale	643	1,577
Prepaid expense	(5,327)	3,885
Accounts payable and accrued liabilities	(7,402)	(20,260)
Deferred revenue	151,331	18,948
	139,526	(103,272)
	212,074	193,579
<b>Cash flows from capital activities</b>		
Purchase of tangible capital assets	(78,712)	(337,085)
Proceeds on disposal of property and equipment	-	7,960
	(78,712)	(329,125)
<b>Cash flows from financing activities</b>		
Repayment of long term debt	(32,427)	(35,734)
Proceeds from long term debt	-	120,000
	(32,427)	84,266
<b>Increase (decrease) in cash and cash equivalents</b>	100,935	(51,280)
<b>Cash - beginning of year</b>	349,176	400,456
<b>Cash - end of year</b>	\$ 450,111	\$ 349,176
<b>Cash and cash equivalents consist of:</b>		
Unrestricted	\$ 246,509	\$ 296,905
Restricted	203,602	52,271
	\$ 450,111	\$ 349,176

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, 2020**

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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 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:

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 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 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, 2020**

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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.

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 period, together with the annual surplus, provides the change in net debt 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.

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**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

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

Revenue recognition

Property tax billings are assessed based on the market 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 periods, 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.

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

**3. DEFERRED REVENUE**

	2020	2019
Gas tax		
Balance - beginning of year	\$ 25,448	\$ -
Allocation received during the year	150,000	100,000
Interest	1,331	183
Eligible expenditures incurred	-	(74,735)
Balance - end of year	176,779	25,448
Other		
Balance - beginning of year	-	6,500
Expenditures incurred	-	(6,500)
Balance - end of period	-	-
Total deferred revenue	\$ 176,779	\$ 25,448

Under the New Deals Gas Tax Funding for Incorporated Communities and the New Deals for Cities & Communities, the Municipality was allocated \$150,000 for the fiscal year ending March 31, 2020. 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 year.

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

**4. LONG TERM DEBT**

	2020	2019
<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 2028 and is secured by borrowing resolution.	\$ 114,000	\$ 118,800
<b><u>Sewerage</u></b>		
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 2043, and is secured by a borrowing resolution.	293,993	312,701
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$352 plus interest. The loan is renewable on January 4, 2021, is amortized to 2035 and is secured by a borrowing resolution.	24,299	28,524
<b><u>Water</u></b>		
Bank of Nova Scotia - prime plus 1%; repayable in monthly principal installments of \$391 plus interest. The loan is renewable on June 30, 2022, is amortized to 2026, and is secured by borrowing resolution.	38,720	43,413
	\$ 471,012	\$ 503,438

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

2021	\$ 32,427
2022	32,427
2023	32,427
2024	32,427
2025	27,742

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

**5. GOVERNMENT TRANSFERS**

	2020	2019 (15 months)
<u>Government transfers for operations</u>		
<u>General</u>		
Provincial equalization grant	\$ 25,581	\$ 31,171
Provincial wage grant	3,033	11,644
	<b>\$ 28,614</b>	<b>\$ 42,815</b>
 <u>Government transfers for capital</u>		
<u>General</u>		
Province of PEI Community revitalization	\$ 15,000	\$ -
Municipal Capital Expenditures Grant	7,156	4,208
Atlantic Canada Opportunities Agency	-	10,033
	<b>22,156</b>	<b>14,241</b>
 <u>Sewerage</u>		
New Deals Gas Tax	-	64,400
Clean Water Wastewater funding	-	11,455
	-	75,855
 <u>Water</u>		
Gov't Transfers - Gas Tax Fund	-	10,335
	<b>\$ 22,156</b>	<b>\$ 100,431</b>

**6. PRIOR PERIOD ADJUSTMENT**

The Municipality previously recorded an accounts receivable for HST and the Municipal Capital Expenditure Grant for 2017 and 2019. However, the claims were not submitted on time and have been disallowed. As a result, the following comparative amounts have been decreased from amounts previously reported on the audited financial statements for the 15 months ended March 31, 2019.

Opening accumulated surplus	\$36,867
Governments transfers for capital	\$23,619
Accounts receivable	\$115,997
Ending accumulated surplus	\$115,997

**7. ACCUMULATED SURPLUS**

	2020	2019
Unrestricted surplus	\$ 307,807	\$ 303,321
Reserve funds (Note 8)	120,445	163,521
Investment in tangible capital assets (Note 9)	3,791,368	3,821,095
	<b>\$ 4,219,620</b>	<b>\$ 4,287,937</b>

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

**8. RESERVE FUNDS**

	2020	2019
<u>Fire Department Reserve</u>		
Balance - beginning of year	\$ 163,521	\$ 136,763
Allocation (from) to fire reserve	(43,076)	26,758
	\$ 120,445	\$ 163,521

**9. INVESTMENT IN TANGIBLE CAPITAL ASSETS**

	2020	2019
Tangible capital assets - Schedules 1 and 2	\$ 5,827,435	\$ 5,748,723
Accumulated amortization - Schedules 1 and 2	(1,565,055)	(1,424,190)
Long term debt (Note 4)	(471,012)	(503,438)
	\$ 3,791,368	\$ 3,821,095

**10. BUDGET FIGURES**

A reconciliation of the 2020 fiscal operating budget prepared by Council to the budget figures disclosed in the consolidated financial statements is as follows:

	2020
Rural Municipality of Crapaud budgeted annual surplus	26,636
Crapaud Water Corporation annual deficit	(9,178)
Crapaud Sewerage Corporation annual surplus	2,571
Capital expenditures	20,000
	\$ 40,029

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.



**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

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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, 2020.

(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.

**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.

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

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**13. 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.

**14. SUBSEQUENT EVENT**

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Municipality or its residents, employees, contractors, suppliers and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Municipality's business, the continued spread of COVID-19 and the measures taken by the federal and provincial governments to contain its impact could adversely impact the Municipality's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the Municipality's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

**15. COMPARATIVE FIGURES**

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

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Tangible Capital Assets**  
**Year Ended March 31, 2020**

(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	965,038	-	-	965,038	416,472	24,122	-	440,595	524,443
Fire vehicles	579,797	54,731	-	634,528	329,153	42,324	-	371,477	263,051
Equipment	447,966	23,177	-	471,143	259,684	34,660	-	294,344	176,799
Electronic equipment	3,130	804	-	3,934	3,130	201	-	3,331	603
Signage	4,006	-	-	4,006	1,327	400	-	1,727	2,279
	<b>\$ 2,597,684</b>	<b>\$ 78,712</b>	<b>-</b>	<b>\$ 2,676,396</b>	<b>\$ 1,009,766</b>	<b>\$ 101,707</b>	<b>-</b>	<b>\$ 1,111,474</b>	<b>\$ 1,564,922</b>
<b>Sewer and Water</b>									
Land	\$ 2,693	-	-	\$ 2,693	-	-	-	-	\$ 2,693
Sewerage system	2,452,730	-	-	2,452,730	339,028	29,433	-	368,461	2,084,269
Sewerage equipment	53,171	-	-	53,171	17,602	2,015	-	19,617	33,554
Water system	483,954	-	-	483,954	44,161	5,807	-	49,968	433,986
Wells and springs	158,491	-	-	158,491	13,633	1,902	-	15,535	142,956
	<b>\$ 3,151,039</b>	<b>-</b>	<b>-</b>	<b>\$ 3,151,039</b>	<b>\$ 414,424</b>	<b>\$ 39,157</b>	<b>-</b>	<b>\$ 453,581</b>	<b>\$ 2,697,458</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 5,748,723</b>	<b>\$ 78,712</b>	<b>-</b>	<b>\$ 5,827,435</b>	<b>\$ 1,424,190</b>	<b>\$ 140,864</b>	<b>-</b>	<b>\$ 1,565,055</b>	<b>\$ 4,262,380</b>

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

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Financial Statements**  
**Tangible Capital Assets**  
**15 Months Ended March 31, 2019**

(Schedule 2)

	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	\$ 567,747	\$ 30,000	-	\$ 597,747	-	-	-	\$ -	\$ 597,747
Buildings	832,949	132,089	-	965,038	386,314	30,160	-	416,472	548,566
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
	<b>\$ 2,505,881</b>	<b>\$ 278,803</b>	<b>\$ (187,000)</b>	<b>\$ 2,597,684</b>	<b>\$ 1,075,769</b>	<b>\$ 120,999</b>	<b>\$ (187,000)</b>	<b>\$ 1,009,766</b>	<b>\$ 1,587,918</b>
<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
	<b>\$ 3,092,757</b>	<b>\$ 58,282</b>	<b>\$ -</b>	<b>\$ 3,151,039</b>	<b>\$ 365,480</b>	<b>\$ 48,944</b>	<b>\$ -</b>	<b>\$ 414,424</b>	<b>\$ 2,736,615</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 5,598,638</b>	<b>\$ 337,085</b>	<b>\$ (187,000)</b>	<b>\$ 5,748,723</b>	<b>\$ 1,441,249</b>	<b>\$ 169,943</b>	<b>\$ (187,000)</b>	<b>\$ 1,424,190</b>	<b>\$ 4,324,533</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**  
**Schedule of Operations - General**  
**Year Ended March 31, 2020**

**(Schedule 3)**

	Budget 2020	Actual 2020	Actual 2019 (15 months) (Restated)
<b>Revenues</b>			
Real property tax	\$ 98,005	\$ 99,880	\$ 120,587
Government transfers for operations (Note 5)	35,281	28,614	42,815
Government transfers for capital (Note 5)	32,000	22,156	14,241
Rent	29,046	21,633	23,973
Sponsorships of community events	55,000	14,345	2,725
Lot sales - net	-	12,429	6,228
Interest	1,500	1,681	2,625
	<u>250,832</u>	<u>200,738</u>	<u>213,194</u>
<b>Expenditures</b>			
Community hall (Schedule 5)	49,891	27,382	15,214
General Government (Schedule 5)	102,480	110,957	96,544
Parks and Public Property (Schedule 5)	11,500	11,638	10,203
Professional Centre (Schedule 6)	22,300	34,284	32,348
Recreation (Schedule 6)	6,600	5,085	4,491
Streets (Schedule 65)	8,000	8,922	11,499
	<u>200,771</u>	<u>198,268</u>	<u>170,299</u>
<b>Change in fund balance</b>	<u>\$ 50,061</u>	<u>\$ 2,470</u>	<u>\$ 42,895</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** **(Schedule 4)**  
**Year Ended March 31, 2020**

	Budget 2020	Actual 2020	Actual 2019 (15 months) (Restated)
<b>Revenues</b>			
Fire dues	\$ 177,075	\$ 165,219	\$ 234,125
<b>Expenditures</b>			
Amortization of tangible capital assets	75,000	76,653	90,010
Gas and oil	2,500	3,071	2,451
Heat	4,000	5,631	8,202
Honorariums	30,000	30,605	30,473
Insurance - firemen	7,200	7,380	9,365
Insurance - trucks	12,000	11,733	13,316
Interest and bank charges	350	357	426
Office, supplies and postage	9,750	11,118	12,788
Property taxes	2,300	578	578
Repairs and maintenance	10,100	12,320	6,738
Telephone and radio	4,500	4,272	5,354
Training, uniforms and mileage	5,800	26,694	3,438
Utilities	3,000	3,883	5,767
	<u>166,500</u>	<u>194,295</u>	<u>188,906</u>
Transfers:			
Expenses allocated from general government	7,000	7,000	7,563
Expenses allocated from professional centre	7,000	7,000	7,563
	<u>180,500</u>	<u>208,295</u>	<u>204,032</u>
<b>Change in fund balance</b>	<u>\$ (3,425)</u>	<u>\$ (43,076)</u>	<u>\$ 30,093</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 5)**  
**Year Ended March 31, 2020**

	Budget 2020	Actual 2020	Actual 2019 (15 months) (Restated)
<b>Community Hall</b>			
Amortization of tangible capital assets	\$ -	\$ 4,552	\$ 5,689
Electricity	2,400	759	317
Heat	5,900	3,722	2,581
Insurance	3,000	4,394	2,029
Interest on long term debt	4,823	4,577	1,358
Office and administration	4,800	-	-
Repairs and maintenance	26,368	7,530	1,034
Snow removal and grass cutting	1,500	660	880
Taxes and sewerage utility	1,100	1,188	1,326
	<u>\$ 49,891</u>	<u>\$ 27,382</u>	<u>\$ 15,214</u>
<b>General Government</b>			
Advertising	\$ 5,000	\$ 7,489	\$ 5,517
Amortization of tangible capital assets	2,160	2,054	2,331
Dues	1,000	1,153	953
Fire protection	12,100	12,100	15,125
Honorariums	20,600	15,748	15,898
Interest and bank charges	2,000	3,444	2,261
Liability insurance	6,500	6,678	7,878
Library	4,000	2,739	3,710
Office and postage	2,500	2,594	3,012
Professional fees	13,000	24,103	11,773
Telephone	2,000	1,410	2,519
Travel and meetings	500	283	586
Wages and wage levies	58,120	58,162	57,544
	<u>129,480</u>	<u>137,957</u>	<u>129,107</u>
Transfers:			
Expenditures allocated to fire protection	(7,000)	(7,000)	(7,563)
Expenditures allocated to sewerage and water	(20,000)	(20,000)	(25,000)
	<u>\$ 102,480</u>	<u>\$ 110,957</u>	<u>\$ 96,544</u>
<b>Parks and Public Property</b>			
Amortization of tangible capital assets	\$ 4,000	\$ 4,465	\$ 5,501
Bug control	2,500	2,435	1,997
Mileage	1,000	1,800	1,200
Property taxes	1,000	1,570	(190)
Repairs and improvements	3,000	1,368	1,695
	<u>\$ 11,500</u>	<u>\$ 11,638</u>	<u>\$ 10,203</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 6)**  
**Year Ended March 31, 2020**

	Budget 2020	Actual 2020	Actual 2019 (15 months) (Restated)
<b>Professional Centre</b>			
Amortization of tangible capital assets	\$ 14,000	\$ 13,985	\$ 17,467
Electricity	2,000	789	457
Heat	3,500	5,100	7,988
Insurance	5,000	5,171	5,896
Repairs and maintenance	3,000	15,546	5,689
Snow removal and grass cutting	4,500	5,115	8,078
Taxes and sewerage utility	2,300	578	586
	<u>34,300</u>	<u>46,284</u>	<u>46,161</u>
Transfers:			
Expenditures allocated to fire protection	(7,000)	(7,000)	(7,563)
Expenditures allocated to sewerage and water	(5,000)	(5,000)	(6,250)
	<u>\$ 22,300</u>	<u>\$ 34,284</u>	<u>\$ 32,348</u>
<b>Recreation</b>			
Festivity supplies	\$ 4,600	\$ 3,553	\$ 2,233
Sponsorships	2,000	1,532	2,258
	<u>\$ 6,600</u>	<u>\$ 5,085</u>	<u>\$ 4,491</u>
<b>Streets</b>			
Street lights	\$ 8,000	\$ 8,922	\$ 11,499

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** (Schedule 7)  
**Year Ended March 31, 2020**

	Budget 2020	Actual 2020	Actual 2019 (15 months) (Restated)
<b>Revenues</b>			
Flat rate revenues	\$ 80,000	\$ 77,945	\$ 98,951
Interest	2,000	-	2,889
Government transfers for capital (Note 5)	11,454	-	75,855
	<u>93,454</u>	<u>77,945</u>	<u>177,695</u>
<b>Expenditures</b>			
General:			
Interest and bank charges	320	646	479
Miscellaneous	1,200	1,110	1,270
Regulatory commission fees	1,000	1,440	994
	<u>2,520</u>	<u>3,196</u>	<u>2,743</u>
Operating:			
Operator fee	12,000	12,202	13,730
Repairs and maintenance	7,000	5,517	8,497
Utilities	10,000	9,333	12,692
	<u>29,000</u>	<u>27,052</u>	<u>34,919</u>
Other:			
Amortization of tangible capital assets	29,363	31,447	39,309
Interest on long term debt	10,000	13,246	16,585
	<u>39,363</u>	<u>44,693</u>	<u>55,894</u>
Transfers:			
Allocation from general government	16,000	16,000	20,000
Allocation from professional centre	4,000	4,000	5,000
	<u>20,000</u>	<u>20,000</u>	<u>25,000</u>
	<u>90,883</u>	<u>94,941</u>	<u>118,556</u>
<b>Change in fund balance</b>	<b>\$ 2,571</b>	<b>\$ (16,996)</b>	<b>\$ 59,139</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** **(Schedule 8)**  
**Year Ended March 31, 2020**

	Budget 2020	Actual 2020	Actual 2019 (15 months) (Restated)
<b>Revenues</b>			
Flat rate revenues	\$ 22,000	\$ 22,730	\$ 26,885
Government transfers for capital (Note 5)	-	-	10,335
Interest	200	-	298
	<u>22,200</u>	<u>22,730</u>	<u>37,518</u>
<b>Expenditures</b>			
General:			
Interest and bank charges	200	194	247
Miscellaneous	500	886	1,587
Regulatory commission fees	280	380	254
	<u>980</u>	<u>1,460</u>	<u>2,088</u>
Operating:			
Operator fee	9,000	8,789	10,820
Repairs and maintenance	5,000	5,961	8,378
Utilities	2,000	2,900	3,444
	<u>16,000</u>	<u>17,650</u>	<u>22,642</u>
Other:			
Amortization of tangible capital assets	7,601	7,709	9,637
Interest on long term debt	1,797	1,626	2,120
	<u>9,398</u>	<u>9,335</u>	<u>11,757</u>
Transfers:			
Allocation from general government	4,000	4,000	5,000
Allocation from professional centre	1,000	1,000	1,250
	<u>5,000</u>	<u>5,000</u>	<u>6,250</u>
	<u>31,378</u>	<u>33,445</u>	<u>42,737</u>
<b>Change in fund balance</b>	<u>\$ (9,178)</u>	<u>\$ (10,715)</u>	<u>\$ (5,219)</u>

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