



Consolidated financial statements

Municipality of the County of Inverness

March 31, 2023

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Management's responsibility for financial reporting

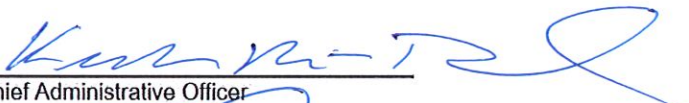
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and supplementary schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies is described in Note 2 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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.

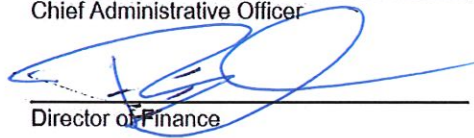
Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Audit Committee. Council reviews internal financial statements on a regular basis and external audited consolidated financial statements annually. The Audit Committee also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Municipality of the County of Inverness and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Municipality of the County of Inverness



Chief Administrative Officer



Director of Finance

Independent auditor's report

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To the Warden and Council of the
Municipality of the District of Inverness

Opinion

We have audited the accompanying consolidated financial statements of the Municipality of the County of Inverness (the "Municipality") on pages 4 to 25, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the 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 of the County of Inverness as at March 31, 2023, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on Pages 26 to 30 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 related to a 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 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Membertou, Canada
February 1, 2024

Grant Thornton LLP
Chartered Professional Accountants

Municipality of the County of Inverness

Consolidated statement of financial position

March 31 2023 2022

Financial assets

Cash and cash equivalents		
Unrestricted	\$ 18,228,757	\$ 15,013,347
Restricted	4,616,221	3,964,287
Taxes receivable (Note 3)	1,240,899	1,162,570
User charges receivable (Note 4)	585,664	751,694
Receivable from governments (Note 5)	1,583,682	1,997,061
Other receivables (Note 6)	<u>2,554,199</u>	<u>2,477,239</u>
	<u>28,809,422</u>	<u>25,366,198</u>

Liabilities

Payables and accruals (Note 7)	6,296,751	6,278,828
Deferred revenue (Note 8)	15,444,443	7,739,584
Tax sale surplus	1,528,544	1,187,765
Unfunded retirement benefits (Note 9)	5,920,400	6,075,800
Short-term borrowing (Note 10)	901,812	-
Long term debt (Page 23)	29,763,181	30,371,196
Asset retirement obligation (Note 11)	<u>150,631</u>	<u>-</u>
	<u>60,005,762</u>	<u>51,653,173</u>

Net debt

(31,196,340) (26,286,975)

Non-financial assets

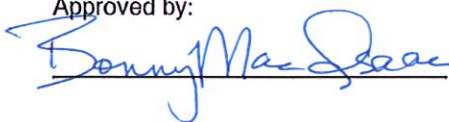
Tangible capital assets (Pages 24 - 25)	62,527,179	58,881,196
Tax sale properties	202,765	202,799
Prepaid expenses	53,050	60,005
Inventory	<u>129,275</u>	<u>168,994</u>
	<u>62,912,269</u>	<u>59,312,994</u>

Accumulated surplus

\$ 31,715,929 \$ 33,026,019

Commitments and contingencies (Note 9)

Approved by:

 Warden

 CAO

See accompanying notes to the consolidated financial statements.

Municipality of the County of Inverness

Consolidated statement of operations

March 31

2023

2022

	<u>Budget</u> (Note 16)	<u>Actual</u>	<u>Actual</u>
Revenue			
Municipal taxation	\$ 12,244,800	\$ 12,347,389	\$ 11,540,971
Grants-in-lieu	425,200	488,635	402,859
Services provided to other governments	295,000	361,720	317,236
Conditional transfers from other governments	325,000	871,779	1,469,275
Unconditional transfers from other governments	293,777	552,808	901,628
Sale of services	589,150	442,208	426,560
Public Health Services	17,391,559	19,676,237	17,778,521
Water utility operating revenues	905,100	996,054	848,523
Other revenue from own sources	374,796	760,047	488,137
Capital grants	<u>700,000</u>	<u>778,422</u>	<u>1,120,491</u>
	<u>33,544,382</u>	<u>37,275,299</u>	<u>35,294,201</u>
Expenses			
General government services	3,148,850	2,852,152	2,837,967
Protective services	3,385,200	3,355,639	3,194,946
Transportation services	1,643,200	2,892,692	1,696,410
Environmental health services	3,978,500	5,289,960	4,603,014
Environmental development services	1,701,673	1,973,664	1,598,981
Public health services	17,265,968	19,658,924	16,926,163
Recreation and cultural services	1,238,100	918,039	1,108,438
Water treatment and distribution	<u>1,451,300</u>	<u>1,644,319</u>	<u>1,404,612</u>
	<u>33,812,791</u>	<u>38,585,389</u>	<u>33,370,531</u>
Annual (deficit) surplus	<u>\$ (268,409)</u>	<u>\$ (1,310,090)</u>	<u>\$ 1,923,670</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 33,026,019	\$ 31,102,349
Annual (deficit) surplus		<u>(1,310,090)</u>	<u>1,923,670</u>
Accumulated surplus, end of year		<u>\$ 31,715,929</u>	<u>\$ 33,026,019</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Inverness

Consolidated statement of changes in net debt

Year ended March 31 2023 2022

	<u>Budget</u> (Note 16)	<u>Actual</u>	<u>Actual</u>
Annual (deficit) surplus	\$ (269,409)	\$ (1,310,090)	\$ 1,923,670
Acquisition of tangible capital assets, net	(13,592,317)	(6,380,859)	(4,587,679)
Proceeds on disposal of tangible capital assets	-	-	48,600
Asset retirement obligation	-	(139,067)	-
Loss on disposal of tangible capital assets	-	-	(7,461)
Amortization of tangible capital assets	<u>-</u>	<u>2,873,943</u>	<u>2,731,160</u>
	<u>(13,861,726)</u>	<u>(4,956,073)</u>	<u>108,290</u>
Change in tax sale properties and other non-financial assets	<u>-</u>	<u>46,708</u>	<u>15,132</u>
Change in net debt	<u>\$(13,861,726)</u>	<u>\$ (4,909,365)</u>	\$ 123,422
Net debt, beginning of year		<u>(26,286,975)</u>	<u>(26,410,397)</u>
Net debt, end of year		<u>\$ (31,196,340)</u>	<u>\$ (26,286,975)</u>

Included in net debt above is \$27,537,981 of long-term debt issued to the County of Inverness Municipal Housing Corporation by Nova Scotia Housing Development Corporation which is fully funded by the Department of Health and Wellness on an annual basis.

Thus, there is no requirement for the Municipality of the County of Inverness to raise tax dollars to fund these payments.

Municipality of the County of Inverness

Consolidated statement of cash flow

Year ended March 31

2023

2022

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual (deficit) surplus	\$ (1,310,090)	\$ 1,923,670
Amortization of tangible capital assets	2,873,943	2,731,160
Accretion expense	11,564	-
Change in unfunded retirement obligation	(155,400)	31,400
Loss on disposal of assets	-	(7,461)
	<u>1,420,017</u>	<u>4,678,769</u>
Tax sale properties and other non-financial assets	46,708	15,132
Taxes receivable	(78,329)	267,977
User charges receivable	166,030	291,006
Receivables from governments	413,379	(917,658)
Other receivables	(76,960)	(187,271)
Payables and accruals	17,923	1,035,703
Deferred revenue	7,704,859	636,410
Tax sale surplus	<u>340,779</u>	<u>101,739</u>
	<u>9,954,406</u>	<u>5,921,807</u>
Financing activities		
Proceeds on short term debt	901,812	-
Proceeds on long term debt	1,055,200	-
Repayment of long-term debt	<u>(1,663,215)</u>	<u>(1,609,932)</u>
	293,797	(1,609,932)
Investing activities		
Acquisition of tangible capital assets	(6,380,859)	(4,587,679)
Proceeds on the sale of tangible capital assets	-	48,600
	<u>(6,380,859)</u>	<u>(4,539,079)</u>
Net increase in cash and cash equivalents	3,867,344	(227,204)
Cash and cash equivalents		
Beginning of year	<u>18,977,634</u>	<u>19,204,838</u>
End of year	<u>\$ 22,844,978</u>	<u>\$ 18,977,634</u>
Cash and cash equivalents is comprised of:		
Unrestricted cash	18,228,757	15,013,347
Restricted cash	<u>4,616,221</u>	<u>3,964,287</u>
	<u>\$ 22,844,978</u>	<u>\$ 18,977,634</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

1. Change in accounting policy

Asset retirement obligation

On April 1, 2022, the Municipality adopted Public Sector Accounting Standards Section PS 3280 – *Asset retirement obligations* (“PS 3280”). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, including the removal and remediation of contaminants in retired buildings by public section entities. The standard was adopted on the prospective basis at the date of adoption as the event giving rise to the obligation arose prior to April 1, 2022 and the obligation has not been previously recognized. Under the prospective adoption, the discount rate and assumptions used on initial recognition are those as of the date of adoptions of the standard.

The Municipality recognized as asset retirement obligation upon adoption of PS 3280 on April 1, 2022. The liability represents the required closure and remediation of contaminants present within buildings owned by the Municipality. These buildings have expected useful lives ranging from 2 to 32 years. As of the date of adoption of the standard, the relevant discount rate on tangible capital assets held are 5.5% annum.

In accordance with the provisions of this new standard, the Municipality has reflected the following adjustments as of April 1, 2022:

- a) As asset retirement obligation in the amount of \$139,068, representing the original \$666,151 obligation discounted to the present value using a discount rate of 5.5% per annum.
- b) An increase to tangible capital assets, representing the original estimate of the obligation as at the date of transition.

Financial instruments

As well, effective April 1, 2022, the Municipality adopted new Public Sector Accounting Standards Section PS 3450 *Financial Instruments* and Section 1201 *Financial Statement Presentation*. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liability are measured at cost or amortized cost (using the effective method), or by policy choice, at fair value when the First Nation defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis. The adoption of these new standards did not have a significant impact on the financial results of the Municipality.

2. Summary of significant accounting policies

The consolidated financial statements of the Municipality of the County of Inverness are the representations of management prepared in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Municipality.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations and the water utility operations, they include the following:

County of Inverness Municipal Housing Corporation
Eastern District Planning Commission – 23% (2022 – 23%)

Interdepartmental and organizational transactions and balances are eliminated.

Budget

The budget figures contained in these financial statements were approved by Council on June 2, 2022, in its original fiscal plan; they also include budgets prepared and approved by controlled entities and are adjusted for amortization in accordance with Public Sector requirements.

Revenue recognition

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Government transfers

Government transfers received are recognized in the consolidated financial statements as revenue when the transfers are authorized, and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized, and all eligibility criteria have been met.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Expenses

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities. Cash proceeds from tax sales in excess of the arrear's taxes receivable are deposited in a separate bank account and are restricted for a period of twenty years at which time the cash can be taken into operations. The balance of the tax sales surplus account at year end is \$1,528,544 (2022 - \$1,187,765).

Other restricted cash relates to capital renewal reserve cash received from the Nova Scotia Department of Health that is required to be invested by the Home and used, with the Department's approval, to support future replacement of facility components in accordance with the Department's policies for asset replacement and their theoretical useful life. These funds are deferred and will be recognized when the related cost is incurred. Balance of the capital renewal account at year-end is \$3,087,677 (2022 - \$2,776,522).

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 year, together with the annual surplus, provides the consolidated change in net debt for the year.

Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) The part transaction or event giving rise to the liability has occurred;
- c) Is it expected that future economic benefits will be given up;
- d) A reasonable estimate of the amount can be made.

The liability is measured at the Municipality's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Asset retirement obligation (continued)

which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized in accordance with the amortization accounting policies described above.

Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, receivables, payables and accruals and long-term debt. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Tax sale

Annually, the Municipality hosts a tax sale for properties whose owners are not up to date on their tax payments. The amounts from the proceeds of sale in excess of tax owing must be held for a period of 20 years. After the 20-year period of holding these funds in trust has expired, the cash will be transferred to the capital reserve. In 2023, there were no transfers made from the tax sale amounts to the capital reserve.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is amortized using the following rates and basis:

Buildings	3.33%, straight line (30 years), 4% declining
Engineered structures	5%, straight line (20 years)
Automotive equipment	16.67%, straight line (6 years), 30% declining balance
Machinery and equipment	6.67 - 10%, straight line (10 – 15 years), 20% declining balance
Sewer lines	2%, straight line (50 years)
Paving and water systems	8%, declining balance
Streets and lighting	4%, straight line (25 years)
Computer equipment	30%, declining balance
Website development	10%, straight line (10 years)
Other equipment	10 - 35%, declining balance
Utility plant in service	2 - 20%, straight-line

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

A full year of amortization is charged in the year after acquisition. Assets under construction are not amortized until the asset is available for productive use. The Municipality does not capitalize interest as part of the costs of its capital assets.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

School assets

All school buildings on hand remain assets of the Municipality but are under the operational control of the school board until such time as the board no longer requires the asset for school purposes. At that time, control will revert back to the Municipality.

School buildings have not been recorded as tangible capital assets, as they are not currently under the control of the Municipality.

Deferred revenue

Gas tax and other deferred grant revenue will be recognized in the period in which any stipulations and eligibility criteria been met.

Liability for contaminated sites

The Municipality of the County of Inverness follows Public Sector Accounting Section 3260 Liability for Contaminated Sites, which establishes the recognition, measurement and disclosure requirements for reporting liabilities associated with the remediation of contaminated sites.

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Municipality:
 - is directly responsible; or
 - accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates that effect the amounts recorded in the financial statements. Management reviews the carrying amounts of items in the financial statements at each fiscal year end date to assess the need for revisions. Items in preparation of these consolidated financial statements require management's best estimate based on assumptions that reflect the most probably set of economic conditions and planned courses of action.

These estimates are reviewed periodically, and adjustments are made to annual surplus as appropriate in the year they become known.

Significant items subject to management estimates include:

<u>Financial statement element</u>	<u>Management estimate</u>
Taxes and other receivables	Allowance for doubtful accounts
Unfunded retirement benefits	Accrued unfunded liability
Tangible capital assets	Useful lives
Payables and accruals	Sick leave liability

3. Taxes receivable	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,786,234	\$ 2,036,627
Levy	16,171,506	15,251,652
Interest	<u>177,878</u>	<u>199,119</u>
	18,135,618	17,487,398
Collections	<u>15,929,282</u>	<u>15,364,906</u>
	2,206,337	2,122,492
Write offs, adjustments, exemptions	<u>333,148</u>	<u>336,258</u>
	1,873,189	1,786,234
Valuation allowance (Note 6)	<u>632,289</u>	<u>623,664</u>
Balance, end of year	<u>\$ 1,240,899</u>	<u>\$ 1,162,570</u>

4. User charges receivable	<u>2023</u>	<u>2022</u>
Other receivables	\$ 326,535	\$ 387,837
Water rates	<u>259,129</u>	<u>363,857</u>
	<u>\$ 585,664</u>	<u>\$ 751,694</u>

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

5. Receivable from governments	<u>2023</u>	<u>2022</u>
Federal government	\$ 370,459	\$ 996,492
Provincial government	<u>1,213,223</u>	<u>1,000,569</u>
	<u>\$ 1,583,682</u>	<u>\$ 1,997,061</u>

6. Other receivables	<u>2023</u>	<u>2022</u>
Municipal receivables	\$ 1,339,598	\$ 1,904,768
Public Health Services	<u>1,214,601</u>	<u>572,471</u>
	<u>\$ 2,554,199</u>	<u>\$ 2,477,239</u>

7. Payables	<u>2023</u>	<u>2022</u>
Municipal payables	\$ 2,124,489	\$ 3,092,757
Public health services	<u>3,061,362</u>	<u>2,113,671</u>
Accrued sick leave benefits (Note 15)	<u>1,110,900</u>	<u>1,072,400</u>
	<u>\$ 6,296,751</u>	<u>\$ 6,278,828</u>

8. Deferred revenue

The Province of Nova Scotia signed an agreement with the Federal government which would enable the Province to transfer gas tax rebates to municipalities for special capital improvements. The program was to initially run for five years but has been extended past this five-year time frame. In fiscal 2023, \$778,421 (2022 - \$980,198) has been recognized as revenues by the Municipality, the remaining balance is deferred as they have not fulfilled the stipulations associated with the grant.

Other deferred revenues represent funds received from varying sources for projects and capital purposes yet to be completed. In fiscal 2023, \$498,117 (2022 - \$1,142,914) has been recognized as revenues by the Municipality.

	<u>Gas tax</u>	<u>Other</u>	<u>Total</u>
Balance, beginning of year	\$ 3,174,958	\$ 4,564,626	\$ 7,739,584
Contributions and interest earned	744,646	8,236,752	8,981,398
Amounts recognized as revenue	<u>(778,421)</u>	<u>(498,117)</u>	<u>(1,276,538)</u>
Balance, end of year	<u>\$ 3,141,182</u>	<u>\$12,303,261</u>	<u>\$ 15,444,443</u>

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

9. Commitments and contingencies

(a) Pension costs and obligations

Defined Contribution Pension Plan

During the year, the Municipality matched employee contributions to a money-purchase pension plan for full-time employees to a maximum percentage of each participating employee's gross pay depending on years of service. The graduated rates for employee and employer contributions are as follows:

Under 10 years	5%
10 to 20 years	7%
Over 20 years	9%

Contributions totalling \$211,173 in 2023 (2022 - \$175,650) are included in the wages and benefits as part of expenditures.

Defined Benefit Plan

Certain of the employees of Inverness County Municipal Housing Corporation (ICMHC) participate in a multi-employer defined benefit pension plan for certain health care employers which is administered by the Health Association of Nova Scotia ("HANS"). This plan to which contributions totaled is accounted for as a defined contribution plan. These costs are included with wages and employee benefits in the financial statements. For earnings up to the yearly maximum pensionable earnings (YMPE) the ICMHC contributes 9.22% of gross wages to a registered pension plan which requires contributions of 7.82% from employees. Once earnings exceed YMPE the ICMHC contributes 11.58% and the employees contribute 10.18%. During the year, the ICMHC paid contributions of \$609,098 (2022 - \$557,183) to the benefit plan.

Pension enhancement

During the 2006 fiscal year, the Municipality approved pension enhancements for a specific group of former employees affected by the service exchange in 1995. This was facilitated by an Act of the Nova Scotia legislature in May of 2002. The Municipality decided to fund these amounts annually as opposed to providing a lump sum into their current pension plan(s). In addition to this group, the Municipality has made a commitment to a specific group of employees for years of service prior to when the current pension plan was available.

An actuarial valuation for accounting purposes has been obtained for the year ended March 31, 2023, which indicated that the pension enhancement had an accrued benefit obligation of \$5,274,700 (2022 - \$6,075,800).

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increase and employee turnover and mortality.

The assumptions used reflect the Municipality's best estimates.

The significant actuarial assumptions used in measuring the Municipality's accrued benefit obligations and benefit costs are as follows:

- Discount rate of 3.20%
- Rate of compensation increase of 3.00%
- Expected long term rate of return on plan assets of 3.00%; and
- Remaining years of service for employee group of 5 years

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

9. Commitments and contingencies (continued)

(a) Pension costs and obligations (continued)

Pension enhancement (continued)

An actuarial valuation has been obtained by the Municipality which has been prepared under PSA 3250 of the Public Sector Accounting Handbook.

	<u>2023</u>	<u>2022</u>
Accrued benefit obligation, beginning of year	\$ 6,075,800	\$ 6,044,400
Current service cost	27,500	21,100
Interest on obligation	167,600	281,700
Less: benefits paid	(258,000)	(271,400)
Less: actuarial gains	<u>(92,500)</u>	-
Accrued benefit obligation, end of year	<u>5,920,400</u>	<u>6,075,800</u>
Unfunded retirement benefits	<u>\$ (5,920,400)</u>	<u>\$ (6,075,800)</u>

10. Short-term borrowing

During the year, the Municipality entered into short-term borrowing with the East Coast Credit Union. The interest rate on the loan is prime + 0% and the full amount is repayable on May 1, 2023.

11. Asset retirement obligation

The Municipality's asset retirement obligation consists of the liability for the closure and remediation of contaminants present with the buildings owned by the Municipality. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. Following the adoption of PS 3280 – Asset Retirement Obligations, the Municipality recognized an obligation relating to this decommissioning and remediation of contaminants as estimated as at April 1, 2022. The buildings have an expected useful life ranging from 2 to 32 years. Estimated costs have been discounted to the present value using a discount rate of 5.50% per annum.

	<u>2023</u>	<u>2022</u>
Opening balance	\$ -	\$ -
Liability recognized on adoption of PS 3280	139,068	-
Settlement	-	-
Accretion expense	<u>11,563</u>	-
Closing balance	<u>\$ 150,631</u>	<u>\$ -</u>

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

12. Contributions to boards and commissions

Boards and commissions in which the Municipality has less than a 100% interest. The Municipality is required to finance the operations of various boards and commissions, along with the other local municipal units to the extent of its participation based on assessment, population or prescribed formulae.

In addition to any budgeted contributions, the municipal units share in the deficits or surpluses of these boards based on their sharing percentages. A municipal unit's share of any deficit must be paid in the next fiscal year while a surplus may be taken into the next year's estimates. Alternatively, the Municipality may provide for its share of the surplus or deficit in the current year.

Details of contributions to these boards and commissions are as follows:

	<u>2023</u>	<u>2022</u>
Cape Breton Island Housing Authority	\$ -	\$ -
Eastern Counties Regional Library	\$ 124,535	\$ 94,655

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2023.

13. Remuneration and expenses

Total remuneration and expenses paid to elected and senior appointed officials of the Municipality are as follows:

	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
<u>Elected officials</u>			
Bonnie MacIsaac	Warden	\$ 62,139	\$ 6,758
Claude Poirier	Councillor – District 1	\$ 40,406	\$ 13,954
Blair Phillips	Councillor – District 2	\$ 31,983	\$ 7,075
John MacLennan	Councillor – District 4	\$ 40,406	\$ 3,721
Lynn Chisholm	Councillor – District 5	\$ 40,406	\$ 2,341
Catherine Gillis	Councillor – District 6	\$ 44,824	\$ 3,178
<u>Senior officials</u>			
Keith MacDonald	Chief Administrative Officer	\$ 137,835	\$ 23,750

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

14. Landfill closure and post-closure costs

In accordance with the regulations of Nova Scotia Department of Environment, the Municipality is required to close its Kenloch landfill at some point. The Municipality has obtained permits to use the site for construction and demolition as well as recycling efforts; however, the Municipality will be required to close the site at some point and in doing so will have to incur the related post-closure costs. Based on the reports of consulting engineers, the costs for closing the site including cleanup, capping and general structure maintenance are estimated to be \$270,000. In addition, there will be ongoing costs for groundwater monitoring for \$13,000 annually. While not specifically mentioned, management has estimated these costs will be incurred annually for 20 years.

Included in payables and accruals is \$460,000 (2022 - \$460,000), being the estimated sum of the discounted future cash flows associated with closure and post closure care activities as noted above as of March 31, 2023. The Municipality has included in its reserves an amount of \$460,000 (2022 - \$460,000) to fund these future landfill closure costs.

15. Sick leave benefit liability

Section 3255 of the CPA Canada Public Sector Accounting Handbook (PS 3255) requires that a liability and expense be recorded for compensated absences that vest or that accumulate. The Municipality has employees that have sick benefits that are accumulating and non-vesting. The valuation for the Municipality was completed as at March 31, 2021 and for the County of Inverness Municipal Housing Corporation as at March 31, 2022.

Actuarial Method:

The actuarial cost method used was the "Projected Unit Credit" method (also known as the "Projected Accrued Benefit" method) pro - rated on service.

Components of benefit expense under PS3250:

	<u>Municipal</u>	<u>Housing Corporation</u>	<u>Total 2023</u>
Current service cost	\$ 31,200	\$ 188,500	\$ 219,700
Sick leave interest expense	<u>4,200</u>	<u>59,700</u>	<u>63,900</u>
Benefit expense	<u>\$ 35,400</u>	<u>\$ 283,600</u>	<u>\$ 283,600</u>

Accrued benefit liability / (asset) on the consolidated statement of financial position:

Balance, beginning of year	\$ 209,300	\$ 863,100	\$ 1,072,400
Benefit expense	31,200	188,500	219,700
Interest expense	4,200	59,700	63,900
Actuarial loss	-	-	-
Municipal contribution	<u>(27,000)</u>	<u>(218,100)</u>	<u>(245,100)</u>
Balance, end of year (unfunded)	<u>\$ 217,700</u>	<u>\$ 893,200</u>	<u>\$ 1,110,900</u>

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

15. Sick leave benefit liability (continued)

Assumptions:

Discount rate:	2.32% - 3.5% per annum
Salary increases:	2.0% per annum.
Mortality:	100% of CPM-2014 Public with future mortality improvements according to scale CPM-B and MI-2017
Withdrawal prior to retirement:	Nil
Retirement age:	End of the year in which age 62 - 63 is attained
Excess sick leave utilization:	Probability of usage and average number of sick leave bank days used

Plan Provisions:

The Municipality provides eligible employees with sick leave that accumulates at 30 days per year (2.5 days per month) up to a maximum of 150 days. If an employee is sick more than 30 days in a year, they can draw on their accumulated sick leave. No benefit in respect of accumulated sick leave is payable upon termination, retirement, or death.

Inverness Municipal Housing Corporation provides eligible CUPE employees with sick leave that accumulated at 18 days per year (1.5 days per month) up to a maximum of 120 days. Eligible Nova Scotia Nurses Union ("NSNU") and administrative employees are granted 12 hours for every 126 hours worked up to a maximum of 1,000 hours. No benefit in respect of accumulated sick leave is payable upon termination, retirement or death except for eligible CUPE employees with sick leave accumulated prior to August 1, 2003 who are entitled to a payment equal to 50% of any unused prior sick leave accumulation at time employment ceases. Eligible NSNU employees with sick leave accumulated prior to April 1, 1990 are entitled to a payment of 60% of any unused sick leave accumulation at the time employment ceases.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

16. Budget figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations and statement of changes in net assets has been adjusted to be on a consistent basis as actual results. The adjustments below include netting school board appropriations and reduced taxes against tax revenues, and reclassification of revenues and expenditures amongst categories. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statement:

	<u>Approved Fiscal Plan</u>	<u>Adjustments</u>	<u>Per Financial Statements</u>
Revenue			
Municipal taxation	\$ 12,574,300	\$ (329,500)	\$ 12,244,800
Grants-in-lieu	425,200	-	425,200
Services provided to other governments	295,000	-	295,000
Conditional transfers from other governments	325,000	-	325,000
Unconditional transfers from other governments	517,077	(223,300)	293,777
Sale of services	589,150	-	589,150
Public health Services	17,391,559	-	17,391,559
Water utility operating revenues	905,100	-	905,100
Other revenue from own sources	591,396	(216,600)	374,796
Capital grants	<u>-</u>	<u>700,000</u>	<u>700,000</u>
	<u>33,613,782</u>	<u>(69,400)</u>	<u>33,544,382</u>
Expense			
General government services	3,478,350	(329,500)	3,148,850
Protective services	3,601,800	(216,600)	3,385,200
Transportation services	1,643,200	-	1,643,200
Environmental health services	3,978,500	-	3,978,500
Environmental development services	1,924,973	(223,300)	1,701,673
Public health services	17,265,968	-	17,265,968
Recreation and cultural services	1,238,100	-	1,238,100
Water treatment and distribution	1,451,300	-	1,451,300
Transfers to (from) own reserves, funds and agencies	<u>(798,300)</u>	<u>798,300</u>	<u>-</u>
	<u>33,783,891</u>	<u>28,900</u>	<u>33,812,791</u>
Annual surplus	<u>\$ (170,109)</u>	<u>\$ (98,300)</u>	<u>\$ (268,409)</u>

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2023

17. Segment disclosure

The Municipality of the County of Inverness is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual and was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

General government services

This department is responsible for the overall financial and local government administration. Its tasks include tax administration, trade payables and receivables, budgets, financial statements and adherence to the *Municipal Government Act*.

Protective services

The Municipality is primarily responsible for fire protection for its residents. The Municipality engages the services of various not for profit, volunteer fire departments in order to fulfil its fire protection role. The Municipality pays operating grants to the fire departments to assist in the operating cost of the fire departments along with capital expenditure grants for acquisition of certain firefighting apparatus and vehicles approved by Council. The Municipality engages the RCMP for policing services.

Transportation services

The Municipality is responsible for the maintenance and construction sidewalks including snow removal. They are also responsible for the street lighting within the Municipality.

Environmental health services

This department is responsible for the maintenance and operations of waste management and sewer services provided to residents and other customers.

Recreation and cultural services

The recreation department is responsible for promoting and offering opportunities and activities to the Municipality's residents including programs, grants for facility development and programs. The department also provides funding for special municipal recreation initiatives and projects along with assistance for community-based projects. The Municipality provides a municipal contribution towards the operations of the Eastern Counties Regional Library Board and pays for the operating cost, excluding wages and benefits, for the Coady Tompkins Library which is a branch library of the Eastern Counties Regional Library Board.

Municipality of the County of Inverness

Notes to the Consolidated Financial Statements

March 31, 2023

17. Segment disclosure (continued)

	General Government	Protective	Transportation	Environmental health	Public health	Environmental development	Recreation and cultural	Water treatment	2023	2022
Revenues										
Taxes	\$ 2,037,747	\$ 2,397,467	\$ 2,066,711	\$ 3,779,461	\$ -	\$ 1,410,103	\$ 655,900	\$ -	\$ 12,347,389	\$ 11,540,971
Grants in lieu of taxes	80,643	94,877	81,788	149,568	-	55,803	25,956	-	488,635	402,859
Services provided to other governments	-	-	-	-	-	361,720	-	-	361,720	317,236
Unconditional transfers from other governments	474,814	-	-	77,994	-	-	-	-	552,808	901,628
Conditional transfers from other governments	871,779	-	-	-	-	-	-	-	871,779	1,469,275
Sale of services	115,508	-	-	-	-	313,109	13,591	-	442,208	426,560
Public health services	-	-	-	-	19,676,237	-	-	-	19,676,237	17,885,327
Water utility operating revenues	-	-	-	-	-	-	-	996,054	996,054	848,523
Other revenues from own sources	534,108	-	-	-	225,939	-	-	-	760,047	381,331
Capital grants	778,422	-	-	-	-	-	-	-	778,422	1,120,491
	<u>4,893,021</u>	<u>2,492,344</u>	<u>2,148,499</u>	<u>4,007,023</u>	<u>19,902,176</u>	<u>2,140,735</u>	<u>695,447</u>	<u>996,054</u>	<u>37,275,299</u>	<u>35,294,201</u>
Expenditures										
Salaries and benefits	1,913,857	-	464,859	2,404,132	12,268,934	-	369,702	431,384	17,852,868	16,201,453
Goods, services and other	897,750	3,355,639	2,209,563	1,933,941	5,052,709	1,890,002	548,337	818,364	16,706,305	13,267,613
Amortization	40,545	-	218,270	931,913	1,264,470	83,662	-	374,278	2,913,138	2,731,160
Interest	-	-	-	19,974	1,072,811	-	-	20,293	1,113,078	1,170,304
	<u>2,852,152</u>	<u>3,355,639</u>	<u>2,892,692</u>	<u>5,289,960</u>	<u>19,658,924</u>	<u>1,973,664</u>	<u>918,039</u>	<u>1,644,319</u>	<u>38,585,389</u>	<u>33,370,531</u>
Annual surplus (deficit)	\$ <u>2,040,869</u>	\$ <u>(863,295)</u>	\$ <u>(744,193)</u>	\$ <u>(1,282,937)</u>	\$ <u>243,252</u>	\$ <u>167,071</u>	\$ <u>(222,592)</u>	\$ <u>(648,265)</u>	\$ <u>(1,310,090)</u>	\$ <u>1,923,670</u>

Municipality of the County of Inverness

Schedule of debt charges and term debt

Year ended March 31, 2023

	Interest rate	Loan Continuity			Balance March 31, 2023	Interest
		Balance April 1, 2022	Repaid	Issued		
General Operating						
Municipal Finance Corporation	0.000%-4.177%	\$ -	\$ -	\$ 1,055,200	\$ 1,055,200	\$ -
General Capital						
Municipal Finance Corporation	1.809%-2.925%	900,000	180,000	-	720,000	27,459
Water Capital						
Municipal Finance Corporation	3.471%-4.026%	<u>500,000</u>	<u>50,000</u>	<u>-</u>	<u>450,000</u>	<u>22,678</u>
		<u>1,400,000</u>	<u>230,000</u>	<u>1,055,200</u>	<u>2,225,200</u>	<u>50,137</u>
Housing Corporation						
Nova Scotia Housing Development Corporation	3.730%	25,055,138	1,249,645	-	23,805,493	906,318
Nova Scotia Housing Development Corporation	5.000%	2,432,744	124,616	-	2,308,128	117,587
Nova Scotia Housing Development Corporation	3.370%	<u>1,483,314</u>	<u>58,954</u>	<u>-</u>	<u>1,424,360</u>	<u>48,906</u>
		<u>28,971,196</u>	<u>1,433,215</u>	<u>-</u>	<u>27,537,981</u>	<u>1,072,811</u>
Total municipal debt		<u>\$ 30,371,196</u>	<u>\$ 1,663,215</u>	<u>\$ 1,055,200</u>	<u>\$ 29,763,181</u>	<u>\$ 1,122,948</u>

Principal repayments in each of the next five (5) years are as follows:

2024	\$ 1,823,721
2025	\$ 1,881,241
2026	\$ 1,941,004
2027	\$ 2,253,101
2028	\$ 1,837,622

Long-term debt issued by the Municipal Finance Corporation has been authorized by the Minister of Municipal Affairs.

The Housing Corporation debt is funded by the Department of Health and Wellness.

Municipality of the County of Inverness

Schedule of tangible capital assets

March 31, 2023

	<u>Land</u>	<u>Buildings</u>	<u>Engineered structures</u>	<u>Automotive equipment</u>	<u>Machinery and equipment</u>	<u>Paving and water system</u>	<u>Sewer Lines</u>
Cost							
Balance, beginning of year	\$ 482,173	\$52,276,629	\$ 2,323,392	\$ 890,135	\$ 6,587,585	\$ 860,913	\$13,706,744
Asset retirement obligation	-	139,067	-	-	-	-	-
Reallocations	-	52,143	-	-	-	-	-
Additions	124,465	798,729	97,261	427,353	963,849	-	1,399,450
Disposals	-	-	-	-	-	-	-
Balance, end of year	<u>606,638</u>	<u>53,266,568</u>	<u>2,329,653</u>	<u>1,317,488</u>	<u>7,551,434</u>	<u>860,913</u>	<u>15,106,194</u>
Accumulated amortization							
Balance, beginning of year	-	19,062,545	1,480,792	454,148	4,549,510	496,202	4,367,572
Amortization during the year	-	1,466,413	91,776	132,485	341,456	29,460	267,309
Disposals	-	-	-	-	-	-	-
Balance, end of year	-	<u>20,528,958</u>	<u>1,572,568</u>	<u>586,633</u>	<u>4,890,966</u>	<u>525,662</u>	<u>4,634,881</u>
Net book value – March 31, 2023	<u>\$ 606,638</u>	<u>\$32,737,610</u>	<u>\$ 757,085</u>	<u>\$ 730,855</u>	<u>\$ 2,660,468</u>	<u>\$ 335,251</u>	<u>\$10,471,313</u>
Net book value – March 31, 2022	<u>\$ 482,173</u>	<u>\$33,214,084</u>	<u>\$ 751,600</u>	<u>\$ 435,987</u>	<u>\$ 2,038,075</u>	<u>\$ 364,711</u>	<u>\$ 9,339,172</u>

Municipality of the County of Inverness

Schedule of tangible capital assets

March 31, 2023

	Streets and lights	Computer equipment	Website	Other equipment	Utility plant	2023 Total	2022 Total
Cost							
Balance, beginning of year	\$ 2,749,068	\$ 276,944	\$ 116,822	\$ 98,153	\$13,495,488	\$ 93,773,046	\$ 89,986,930
Asset retirement obligation	-	-	-	-	-	139,067	-
Reallocations	-	-	-	(52,143)	-	-	-
Additions	97,593	97,999	-	383,929	1,990,231	6,380,859	4,587,679
Disposals	-	-	-	-	-	-	(801,563)
Balance, end of year	<u>2,846,661</u>	<u>374,943</u>	<u>116,822</u>	<u>429,939</u>	<u>15,485,719</u>	<u>100,292,972</u>	<u>93,773,046</u>
Accumulated amortization							
Balance, beginning of year	1,244,576	95,116	116,822	46,010	2,978,557	34,891,850	32,921,113
Amortization during the year	109,963	18,478	-	-	416,603	2,873,943	2,731,160
Disposals	-	-	-	-	-	-	(760,423)
Balance, end of year	<u>1,354,539</u>	<u>113,594</u>	<u>116,822</u>	<u>46,010</u>	<u>3,395,160</u>	<u>37,765,793</u>	<u>34,891,850</u>
Net book value – March 31, 2023	<u>\$ 1,492,122</u>	<u>\$ 261,348</u>	<u>\$ -</u>	<u>\$ 383,929</u>	<u>\$12,090,559</u>	<u>\$ 62,527,179</u>	<u>\$ 58,881,196</u>
Net book value – March 31, 2022	<u>\$ 1,504,492</u>	<u>\$ 181,828</u>	<u>\$ -</u>	<u>\$ 52,143</u>	<u>\$10,516,931</u>		



SUPPLEMENTARY SCHEDULES

Municipality of the County of Inverness

Water utility

Operating fund balance sheet

(Unaudited)

March 31

2023

2022

Assets

Cash and cash equivalents	\$ 419,326	\$ -
Prepays	6,827	-
Receivable		
Rates (less allowance for doubtful accounts)	259,129	363,857
Province of Nova Scotia	1,397	1,397
HST	62,655	190,392
Due from operating reserve	29,455	150,625
Due from capital reserve	11,390	33,050
Due from gas tax reserve	<u>284,082</u>	<u>629,019</u>
	<u>648,108</u>	<u>1,368,350</u>
	<u>\$ 1,074,261</u>	<u>\$ 1,368,350</u>

Liabilities

Bank indebtedness	\$ -	\$ 161,069
Payables and accruals		
Due to water utility section, capital fund	1,672,062	1,511,844
Due to general operating fund	775,200	590,025
Other payables and accruals	<u>229,765</u>	<u>306,269</u>
	<u>2,677,027</u>	<u>2,569,207</u>
Deficit	<u>(1,602,766)</u>	<u>(1,200,857)</u>
	<u>\$ 1,074,261</u>	<u>\$ 1,368,350</u>

Municipality of the County of Inverness

Water utility

Operating fund statement of operations

(Unaudited)

Year ended March 31

2023

2022

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Metered sales	\$ 873,000	\$ 956,316	\$ 810,890
Flat rate sales	28,000	27,138	28,914
Public fire protection	216,600	216,629	216,629
Sprinkler	4,100	-	-
Other operating revenue	<u>18,000</u>	<u>14,130</u>	<u>16,590</u>
	<u>1,139,700</u>	<u>1,214,213</u>	<u>1,073,023</u>
Expenditures			
Source of supply	100,000	94,334	62,336
Power and pumping	139,800	197,492	127,796
Water treatment	366,800	435,189	392,044
Transmission and distribution	302,200	300,622	298,359
Administration and general	126,200	193,169	150,866
Depreciation	415,800	415,843	373,791
Other operating expenditures	<u>500</u>	<u>7,670</u>	<u>(580)</u>
	<u>1,451,300</u>	<u>1,644,319</u>	<u>1,404,612</u>
Operating (loss) surplus	<u>(311,600)</u>	<u>(430,106)</u>	<u>(331,589)</u>
Non-operating expenditures			
Debt charges			
Debenture principal repayment	50,000	50,000	50,000
Debenture interest	<u>19,100</u>	<u>19,076</u>	<u>20,923</u>
	<u>69,100</u>	<u>69,076</u>	<u>70,923</u>
Non-operating revenue			
Amortization of deferred government assistance	<u>85,000</u>	<u>97,273</u>	<u>93,393</u>
Excess of expenditures over revenues	\$ <u>(295,700)</u>	<u>(401,909)</u>	\$ <u>(309,119)</u>
Deficit, beginning of year		<u>(1,200,857)</u>	<u>(891,738)</u>
Deficit, end of year		<u>\$ (1,602,766)</u>	<u>\$ (1,200,857)</u>

Municipality of the County of Inverness

Water utility

Capital fund balance sheet

(Unaudited)
March 31

2023

2022

Assets

Cash		
Depreciation fund (page 29)	\$ 370,399	\$ 433,248
Deferred capital charges	2,987	2,987
Due from water utility section, operating fund	1,672,062	1,511,844
Utility plant and equipment (page 30)	<u>15,481,702</u>	<u>13,491,472</u>
	<u>\$17,527,150</u>	<u>\$15,439,551</u>

Liabilities

Payables		
Due to operating reserve section	\$ 1,216,875	\$ 1,366,875
Term debt		
Debentures issued to provincial government and its agencies	450,000	500,000
Shor-term borrowing – Highway 19 debenture	901,812	-
Deferred assistance	<u>2,685,168</u>	<u>2,769,840</u>
	<u>5,253,855</u>	<u>4,636,715</u>
Reserve for depreciation (page 29)	<u>3,395,251</u>	<u>2,978,650</u>
Investment in capital assets (page 29)	<u>8,878,044</u>	<u>7,824,186</u>
	<u>\$17,527,150</u>	<u>\$15,439,551</u>

Municipality of the County of Inverness
Water utility
Statement of reserve for depreciation

(Unaudited)

Year ended March 31	2023	2022
Balance, beginning of year	\$ 2,978,650	\$ 2,604,499
Depreciation for the year	<u>416,601</u>	<u>374,151</u>
Balance, end of year	<u>\$ 3,395,251</u>	<u>\$ 2,978,650</u>

Water utility section
Non-consolidated statement of investment in capital assets

(Unaudited - see advisory to readers)

Year ended March 31	2023	2022
Balance, beginning of year	\$ 7,824,186	\$ 5,957,524
Term debt retired	50,049	50,000
Interest	5,550	1,513
Transfer from operating reserve	451,578	1,077,877
Transfer from depreciation reserve	-	-
Transfer from capital reserve	46,548	33,060
Government funding	-	-
Transfer from (to) gas tax reserve	<u>500,183</u>	<u>702,212</u>
Balance, end of year	<u>\$ 8,878,044</u>	<u>\$ 7,824,186</u>

Water utility section
Non-consolidated statement of depreciation fund cash

(Unaudited - see advisory to readers)

Year ended March 31	2023	2022
Cash, beginning of year	\$ 433,248	\$ 431,377
Transfer from depreciation fund	(69,557)	-
Interest earned on depreciation fund	<u>6,708</u>	<u>1,871</u>
Cash, end of year	<u>\$ 370,399</u>	<u>\$ 433,248</u>

Municipality of the County of Inverness

Water utility

Schedule of utility plant and equipment

(Unaudited)

Year ended March 31

2023

2022

Tangible plant		
Land and land rights	\$ 68,805	\$ 68,805
Source of supply	2,813,516	2,641,976
Reservoir	2,431,844	2,320,874
Structures and improvement	386,328	386,328
Electric pumping equipment	523,898	441,333
Purification equipment	1,921,463	1,806,906
Transmission mains	659,428	659,428
Distribution mains	3,939,524	2,567,508
Services	162,562	141,481
Meters	1,284,923	1,191,948
Hydrants	219,611	209,753
Other tangible plant	96,880	82,212
Chéticamp water utility	<u>972,920</u>	<u>972,920</u>
	<u>\$15,481,702</u>	<u>\$13,491,472</u>
