

Town of Stewiacke
Consolidated Financial Statements

March 31, 2023

Town of Stewiacke
Consolidated Financial Statements
For the year ended March 31, 2023

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To the Mayor and Council of Town of Stewiacke:

Opinion

We have audited the consolidated financial statements of Town of Stewiacke (the "Municipality") on pages 2-18, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of financial activities, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at March 31, 2023, and the results of its consolidated operations, changes in its net financial assets and its consolidated 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 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter - Supplemental Information

The 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 19-27 is presented for the 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 on the audit of the consolidated financial statements 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 the 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 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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality 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.

Sydney, Nova Scotia
August 11, 2023

MNP LLP
Chartered Professional Accountants

MNP

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Town of Stewiacke (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. 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.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MNP LLP, independent external auditors appointed by the Town. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Ms. Randi Buchi
Acting Chief Administrative Officer

Town of Stewiacke
Consolidated Statement of Financial Position
As at March 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 3,753,070	\$ 2,831,151
Taxes and rates receivable (note 3)	205,717	183,250
Other receivables (note 4)	137,936	206,218
	4,096,723	3,220,619
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	431,557	326,174
Deferred revenue	450,492	128,720
Tax sale surplus	31,784	31,784
Long-term debt (note 6)	1,152,873	1,109,281
Asset retirement obligation (note 7)	196,251	-
	2,262,957	1,595,959
NET FINANCIAL ASSETS	1,833,766	1,624,660
NON-FINANCIAL ASSETS		
Tangible capital assets, general capital (note 8)	6,458,282	6,143,369
Tangible capital assets, water capital (note 9)	3,612,874	3,676,901
	10,071,156	9,820,270
ACCUMULATED SURPLUS (note 10)	\$ 11,904,922	\$ 11,444,930

Contingencies (note 16)

See accompanying notes to consolidated financial statements.

On behalf of the Town of Stewiacke:



Mayor



Chief Administrative Officer

Town of Stewiacke
Consolidated Statement of Financial Activities
For the year ended March 31, 2023

	Budget (Unaudited)	2023	2022
REVENUES (Schedule A)			
Taxes	\$ 1,773,203	\$ 1,941,954	\$ 1,670,932
Grants in lieu of taxes	3,300	3,103	2,816
Sale of services	193,463	209,491	196,405
Other revenue from own sources	114,873	263,434	119,991
Unconditional transfers from other governments	205,695	239,986	407,691
Conditional transfers from other governments	25,000	110,140	187,252
Water rates	470,442	500,118	490,596
Capital grants	-	61,574	150,695
Gain on sale of assets	-	-	49,539
	<u>2,785,976</u>	<u>3,329,800</u>	<u>3,275,917</u>
EXPENSES (Schedule B)			
General government services	600,204	660,298	573,628
Protective services	308,334	327,307	292,222
Transportation services	431,017	743,255	637,948
Environmental health services	181,968	276,985	277,239
Environmental development services	75,000	160,150	42,435
Recreation and cultural services	286,145	275,796	230,611
Water treatment and distribution	482,184	426,017	377,991
	<u>2,364,852</u>	<u>2,869,808</u>	<u>2,432,074</u>
ANNUAL SURPLUS	421,124	459,992	843,843
ACCUMULATED SURPLUS, BEGINNING OF YEAR	11,444,930	11,444,930	10,601,087
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 11,866,054</u>	<u>\$ 11,904,922</u>	<u>\$ 11,444,930</u>

See accompanying notes to consolidated financial statements.

Town of Stewiacke
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2023

	2023	2022
ANNUAL SURPLUS	\$ 459,992	\$ 843,843
Other non-financial assets		
Amortization of tangible capital assets	412,516	436,648
Additions to tangible capital assets	(663,402)	(952,919)
Gain on sale of tangible capital assets	-	(49,539)
Proceeds on disposal of tangible capital assets	-	50,068
INCREASE IN NET FINANCIAL ASSETS	209,106	328,101
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,624,660	1,296,559
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,833,766	\$ 1,624,660

See accompanying notes to consolidated financial statements.

Town of Stewiacke
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 459,992	\$ 843,843
Add		
Amortization of tangible capital assets	412,516	436,648
Gain on sale of tangible capital assets	—	(49,539)
Accretion expense	6,101	—
Change in non-cash items		
Taxes and rates receivable	(22,467)	(20,394)
Other accounts receivable	68,282	(87,494)
Accounts payable and accrued liabilities	105,383	226,159
Deferred revenue	321,772	(6,810)
	<u>1,351,579</u>	<u>1,342,413</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(222,108)	(201,317)
Proceeds of long-term debt	265,700	311,815
	<u>43,592</u>	<u>110,498</u>
CASH FLOWS FROM CAPITAL ACTIVITIES		
Additions to tangible capital assets	(663,402)	(952,919)
Additions to tangible capital assets for asset retirement obligation	190,150	—
Proceeds on disposal of tangible capital assets	—	50,068
	<u>(473,252)</u>	<u>(902,851)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	921,919	550,060
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,831,151	2,281,091
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,753,070</u>	<u>\$ 2,831,151</u>

See accompanying notes to consolidated financial statements.

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

1. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2022, the Town adopted PS3280 – Asset retirement obligations as set out in the Canadian public sector accounting standards. In accordance with the transition provision of PS3280, the change in policy was adopted on the prospective basis as of April 1, 2022.

The Town recognized the discounted obligation on April 1, 2022 that represents the decommissioning and contamination removal of specific assets held (note 7).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements of Town of Stewiacke (the "Town") have been prepared, in all material respects, in accordance with Canadian public sector accounting standards.

(b) Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenue, expenses and changes in fund balances of all resources of the Town. The Town is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and that are owned or controlled by the Town. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included are as follows:

- General Operating and Capital Funds
- Water Operating and Capital Funds
- Reserve Funds

(c) Segment information

The Town of Stewiacke is a diversified entity that provides a wide range of services to its residents. For management reporting purposes, the Town'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. Town 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 segment is responsible for the overall local government administration. Its tasks include direction for Town services, such as planning, engineering, finance, and information technology in adherence to the Municipal Government Act.

Protective services

This segment is primarily responsible for police, fire protection and bylaw administration for its residents. The Town engages the services of the volunteer fire department in order to fulfill its fire protection role. The Town collects a rate for the fire department.

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transportation services

The Town is responsible for the maintenance of certain local roads, sidewalks and street lights within its jurisdiction.

Environmental health services

This segment is responsible for the maintenance and operations of waste and sewer services provided to residents and other customers. Its tasks include the provision of waste collection through contract, recycling and composting.

Environmental development services

This segment is responsible for the issuance of development permits and approving subdivision applications.

Recreation and cultural services

This segment is responsible for promoting and offering recreation opportunities and activities to the Town's residents, specializing in maintaining and assisting recreational facilities within the Town such as recreation facilities and the library.

Water treatment and distribution

This segment manages water treatment and distribution facilities and services within the Town and includes activities such as plant operation and pumping, water treatment, transmission and distribution.

(d) Fund accounting

The resources and operations of the Town are comprised of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. Supporting schedules to the consolidated financial statements are included to show the financial activities and change in the balance of each fund.

(e) Basis of accounting

Revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(f) Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand and on deposit at banks net of any outstanding cheques or deposits.

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Financial instruments consist of cash and cash equivalents, tax and rates receivable, other receivables, accounts payable and accrued liabilities and long-term debt.

Subsequent measurement

At each reporting date, the Town measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Town uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues and expenses. The financial instruments measured at amortized cost are cash and cash equivalents, tax and rates receivable, other receivables, accounts payable and accrued liabilities and long-term debt.

Impairment

For financial assets measured at cost or amortized cost, the Town regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Town determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest or credit risks arising from financial instruments.

(h) 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 past transaction or event giving rise to the liability has occurred;
- c) It is expected that future economic benefits will be given up; and
- d) A reasonable estimate of the amount can be made.

The liability for the closure and decommissioning of water treatment plant intake has been recognized based on estimated future expenses. The liability associated with the remediation of contaminants present within a number of buildings owned by the Town has also been recognized based on estimated future expenses on closure of the sites and post-closure care.

Town of Stewiacke
Notes to Consolidated Financial Statements

For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Tangible capital assets

Tangible capital assets are reported in the statement of financial position at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets, net of accumulated amortization. They are amortized on a straight-line basis over their estimated useful lives at the following rates:

	Basis	Rate
Buildings	Straight-line	2.5%
Machinery and equipment	Straight-line	5 – 33.33%
Sewers	Straight-line	2%
Sidewalks and crosswalks	Straight-line	4 – 5%
Streets	Straight-line	3.33%
Land improvements	Straight-line	4%
Leasehold improvements	Straight-line	4%
Sewage treatment plant	Straight-line	4%
Water storage plant	Straight-line	1.33%
Water utility equipment	Straight-line	5 - 20%
Water utility mains	Straight-line	1.33%
Water utility services	Straight-line	2%
Water utility meters	Straight-line	5%
Water utility hydrants	Straight-line	1.33%
Water treatment plant	Straight-line	2%

A full year of amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

The amortization charge in the water capital fund is required to be transferred to a special bank account which is used to help fund replacement of existing equipment, or subject to approval by the Utility and Review Board, to repay principal of capital debt.

(j) Allocation of municipal costs to water utility funds

Where identifiable, costs incurred by the Town of Stewiacke on behalf of the water utility are charged to the utility funds. Salary and wage related costs are allocated in proportion to time spent performing functions on behalf of the water utility.

(k) Government transfers

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

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Deferred revenue

Deferred revenue represents user charges, prepayment of taxes, and other fees that have been collected, for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(m) Reserve funds

Certain amounts, as approved by Council of the Town, are set aside in reserve funds for future operating and capital purposes. Transfers to and or from reserves funds are an adjustment to the respective fund when approved.

(n) Taxation and related revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Property Valuation Services Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and the requisition made by the Province in respect of education taxes and other mandatory contributions. Taxation revenues are recorded at the time tax billings are due. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known. An allowance for unresolved assessment appeals is also provided.

(n) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Amortization is based on the estimated useful lives of capital assets.

Taxes, rates and other receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Asset retirement obligations are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the years in which they become know.

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

3. TAXES AND RATES RECEIVABLE

	2023	2022
Taxes receivable	\$ 106,648	\$ 74,254
Less valuation allowance	(30,000)	(30,000)
Subtotal	76,648	44,254
Sewer rates receivable	35,971	35,041
Less valuation allowance	(1,191)	(1,191)
Subtotal	34,780	33,850
Water rates receivable	96,125	106,982
Less valuation allowance	(1,836)	(1,836)
Subtotal	94,289	105,146
Taxes and rates receivable, net	\$ 205,717	\$ 183,250

4. OTHER RECEIVABLES

	2023	2022
Due from federal government and its agencies	\$ 129,784	\$ 166,072
Due from provincial government and its agencies	-	39,121
Other	8,152	1,025
	\$ 137,936	\$ 206,218

5. BANK LINE OF CREDIT

The Town has available a line of credit of \$250,000 with an interest rate of prime and has signed a security agreement with a first ranking security interest on specific assets. The line of credit was undrawn at March 31, 2023 and 2022.

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

6. LONG-TERM DEBT

	Interest rate - %	Matures	Balance March 31/22	Proceeds	Repaid	Balance March 31/23
General Capital Fund						
Royal Bank of Canada						
Truck	4.2%	2024	\$ 48,988	\$ -	\$ (34,608)	\$ 14,380
Generator	4.2%	2024	18,388	-	(13,008)	5,380
			67,376	-	(47,616)	19,760
Nova Scotia Municipal Finance Corporation						
Streets	0.7 – 1.2%	2026	150,000	-	(37,500)	112,500
Sewage	2.1 – 3.3%	2029	183,750	-	(26,250)	157,500
Grader	0.0 – 2.26%	2031	311,815	-	(20,788)	291,027
Solar	2.5 – 3.78%	2031	-	265,700	-	265,700
			645,565	265,700	(84,538)	826,727
			712,941	265,700	(132,154)	846,487
Water Capital Fund						
Scotia Bank						
Truck	5.89%	2024	10,035	-	(5,018)	5,017
Nova Scotia Municipal Finance Corporation						
	2.1 – 3.3%	2029	61,250	-	(8,750)	52,500
	2.0 – 2.3%	2024	84,555	-	(28,186)	56,369
	4.1 – 4.9%	2025	220,000	-	(27,500)	192,500
	2.6 – 3.5%	2023	20,500	-	(20,500)	-
			396,340	-	(89,954)	306,386
			\$ 1,109,281	265,700	(222,108)	1,152,873

Principal payments required in each of the next five years on debt held as of March 31, 2023 are as follows:

	General	Water	Total
2024	\$ 115,125	\$ 69,452	\$ 184,577
2025	95,423	201,934	297,357
2026	95,488	8,750	104,238
2027	58,159	8,750	66,909
2028	58,237	8,750	66,987
Thereafter	424,055	8,750	432,805

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

7. ASSET RETIREMENT OBLIGATION

The Town's asset retirement obligation consists of the liability for the closure and decommissioning of water treatment plant intake and remediation of contaminants present within a number of buildings owned by the Town. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. These buildings and plant have expected useful lives ranging from 10-30 years. Estimated costs have been discounted to the present value using discount rates ranging from 3.2% to 3.3% per annum.

Changes to the asset retirement obligation in the year are as follows:

	2023
Opening balance	\$ -
Acquired upon adoption	190,150
Accretion expense	6,101
	\$ 196,251

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

8. TANGIBLE CAPITAL ASSETS, GENERAL CAPITAL

	2023				2022				
	Cost Beginning of Year	Additions and Transfers	Disposals and Write-downs	Cost End of Year	Amortization Beginning of Year	Additions	Disposals	Amortization End of Year	Net Book Value
Land	\$ 292,817	\$ —	\$ —	\$ 292,817	\$ —	\$ —	\$ —	\$ —	\$ 292,817
Buildings	884,792	178,658	—	1,063,450	544,540	24,946	—	569,486	493,964
Machinery and equipment	1,580,465	365,946	(134,691)	1,811,720	614,251	92,404	(134,691)	571,964	1,239,756
Sewers	2,038,895	—	—	2,038,895	820,440	36,005	—	856,445	1,182,450
Sidewalks	568,955	132,864	(27,049)	674,770	360,946	23,224	(27,049)	357,121	317,649
Streets	4,520,409	101,006	—	4,621,415	1,952,543	133,285	—	2,085,828	2,535,567
Land improvements	473,149	—	—	473,149	223,489	17,493	—	240,982	232,167
Sewage Treatment Plant	1,089,111	—	(27,469)	1,041,642	1,066,284	236	(27,469)	1,039,051	2,591
Leasehold improvements	154,940	—	—	154,940	22,715	6,198	—	28,913	126,027
Computer software	48,102	—	—	48,102	9,621	3,207	—	12,828	35,274
Splash pad – work in progress	126,563	(126,563)	—	—	—	—	—	—	—
	\$ 11,758,198	\$ 651,911	\$ (189,209)	\$ 12,220,900	\$ 5,614,829	\$ 336,998	\$ (189,209)	\$ 5,762,618	\$ 6,458,282

9. TANGIBLE CAPITAL ASSETS, WATER CAPITAL

	2023				2022				
	Cost Beginning of Year	Additions	Disposals and Write-downs	Cost End of Year	Amortization Beginning of Year	Additions	Disposals	Amortization End of Year	Net Book Value
Water Storage Plant	\$ 1,716,814	\$ —	\$ —	\$ 1,716,814	\$ 305,275	\$ 22,891	\$ —	\$ 328,166	\$ 1,388,648
Equipment	147,077	—	(21,165)	125,912	124,467	3,775	(21,165)	107,077	18,895
Mains	1,946,865	—	—	1,946,865	377,057	25,958	—	403,015	1,543,850
Services	207,498	—	—	207,498	27,638	4,150	—	31,788	175,710
Meters	41,626	—	(7,716)	33,910	33,750	1,695	(7,716)	27,729	6,181
Hydrants	77,718	—	—	77,718	22,319	1,036	—	23,355	54,363
Water Treatment Plant	405,786	11,491	—	417,277	179,181	8,691	—	187,872	229,405
Trucks	28,595	—	—	28,595	22,876	5,719	—	28,595	—
Computer software	24,051	—	—	24,051	4,809	1,603	—	6,412	17,639
Water wells	178,243	—	—	178,243	—	—	—	—	178,243
	\$ 4,774,273	\$ 11,491	\$ (28,881)	\$ 4,756,883	\$ 1,097,372	\$ 75,518	\$ (28,881)	\$ 1,144,009	\$ 3,612,874

Town of Stewiacke
Notes to Consolidated Financial Statements

For the year ended March 31, 2023

10. ACCUMULATED SURPLUS

	2023	2022
Water operating fund	\$ 651,033	\$ 558,375
General capital fund	5,427,402	5,099,739
Water capital fund	3,685,306	3,578,972
Reserve funds	2,141,181	2,207,844
	\$ 11,904,922	\$ 11,444,930

11. DEFINED CONTRIBUTION PENSION PLAN

The Town provides a defined contribution pension plan for their employees. The assets of the plan are held separately from those of the Town in independently administered funds. Contributions paid and expensed by the Town in the current year amounts to \$48,005 (2022 - \$36,212).

12. TRANSFERS TO PROVINCIAL BOARDS AND COMMISSIONS

The Town of Stewiacke is required to share in financing the operations of various Boards and Commissions, along with other municipal units in Colchester County. In addition to any budgeted contributions, the Town shares in the deficits or surpluses of these Boards based on their sharing percentages. The Town's share of the deficit is to be paid in the next fiscal year, while a surplus is to be taken into the next year's estimates.

	2023 Contribution	2022 Contribution
Regional Housing Authority	\$ 78,926	\$ 75,241
Regional Library	10,500	10,500
Chignecto Regional Centre for Education	287,700	281,076
Corrections contribution	16,355	17,159
Assessment services contribution	15,638	21,300
Truro Colchester Regional Enterprise Network	9,057	3,900

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

13. SEGMENT DISCLOSURE

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation and Culture Services	Water Treatment and Distribution	Total 2023
REVENUES								
Taxes	\$ 1,732,869	\$ 107,016	\$ --	\$ 102,069	\$ --	\$ --	\$ --	\$ 1,941,954
Grants in lieu of taxes	3,103	--	--	--	--	--	--	3,103
Sale of services	--	--	--	209,491	--	--	--	209,491
Other revenue from own sources	184,633	--	--	--	--	61,478	17,323	263,434
Unconditional transfers from other governments	239,986	--	--	--	--	--	--	239,986
Conditional transfers from other governments	85,140	--	--	--	--	25,000	--	110,140
Water rates	--	--	--	--	--	--	500,118	500,118
Capital grants	--	--	--	--	--	--	61,574	61,574
	2,245,731	107,016	--	311,560	--	86,478	579,015	3,329,800
EXPENSES								
Salaries, wages and benefits	391,529	9,840	270,751	23,704	--	146,530	106,905	949,259
Operating materials, supplies and general expenses	232,707	317,467	272,702	170,490	160,150	92,211	228,762	1,474,489
Amortization	17,351	--	199,803	82,791	--	37,054	76,093	413,092
Rents and financial expenses	18,711	--	--	--	--	--	14,257	32,968
	660,298	327,307	743,256	276,985	160,150	275,795	426,017	2,869,808
ANNUAL SURPLUS (DEFICIT)	\$ 1,585,433	\$ (220,291)	\$ (743,256)	\$ 34,575	\$ (160,150)	\$ (189,317)	\$ 152,998	\$ 459,992

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

13. SEGMENT DISCLOSURE

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation and Culture Services	Water Treatment and Distribution	Total 2022
REVENUES								
Taxes	\$ 1,478,802	\$ 94,450	\$ —	\$ 97,680	\$ —	\$ —	\$ —	\$ 1,670,932
Grants in lieu of taxes	2,816	—	—	—	—	—	—	2,816
Sale of services	—	—	—	196,405	—	—	—	196,405
Other revenue from own sources	87,774	—	—	—	—	31,047	1,170	119,991
Unconditional transfers from other governments	407,691	—	—	—	—	—	—	407,691
Conditional transfers from other governments	162,252	—	—	—	—	25,000	—	187,252
Water rates	—	—	—	—	—	—	490,596	490,596
Capital grants	—	—	—	—	—	—	150,695	150,695
Gain on sale of assets	49,539	—	—	—	—	—	—	49,539
	2,188,874	94,450	—	294,085	—	56,047	642,461	3,275,917
EXPENSES								
Salaries, wages and benefits	363,407	9,278	186,417	17,462	—	115,998	77,130	769,692
Operating materials, supplies and general expenses	181,000	282,944	232,298	168,935	42,435	73,955	207,262	1,188,829
Amortization	9,872	—	219,233	90,842	—	40,658	76,043	436,648
Rents and financial expenses	19,349	—	—	—	—	—	17,556	36,905
	573,628	292,222	637,948	277,239	42,435	230,611	377,991	2,432,074
ANNUAL SURPLUS (DEFICIT)	\$ 1,615,246	\$ (197,772)	\$ (637,948)	\$ 16,846	\$ (42,435)	\$ (174,564)	\$ 264,470	\$ 843,843

Town of Stewiacke
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

14. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair value of the Town's financial instruments that are comprised of cash, taxes and rates receivable, other accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

The fair value of long-term debt is based on rates currently available to the Town with similar terms and maturities and approximates its carrying value.

Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from these financial instruments.

15. REMUNERATION OF MEMBERS OF COUNCIL AND CHIEF ADMINISTRATIVE OFFICER

The total remuneration paid to the Mayor, Council and Chief Administrative Officer of the Town is as follows:

Name	Title	Annual Remuneration	Travel and Other Expenses	Total
G. Lloy	Mayor	\$ 12,730	\$ 6,357	\$ 19,087
R. Chapman	Deputy Mayor	9,903	—	9,903
S. Lutz	Councillor	8,584	—	8,584
C. Ramsey	Councillor	8,584	—	8,584
M. Commo	Councillor	8,584	—	8,584
S. Creelman	Councillor	8,584	—	8,584
R. Rogers-Laing	Councillor	8,584	—	8,584
D. Bogle	Chief Administrative Officer	92,720	7,807	100,527
		\$ 158,273	\$ 14,164	\$ 172,437

16. CONTINGENCIES

The Town has guaranteed the borrowing resolution of the Stewiacke Fire Department for \$639,000.

The loan related to this guarantee had a balance of \$478,340 at March 31, 2023.

SUPPLEMENTARY SCHEDULES

Town of Stewiacke
Schedule A – Details of Revenues
For the year ended March 31, 2023
(Unaudited)

	Budget	2023	2022
Taxes			
Assessable property			
Residential	\$ 1,455,562	\$ 1,519,005	\$ 1,364,884
Commercial	396,854	394,535	386,842
Resource			
Taxable assessments	23,598	23,482	21,409
Forest property tax			
Less than 50,000 acres	–	369	373
More than 50,000 acres	–	–	–
Business property			
Based on revenue – Aliant	7,556	7,058	7,556
Area rates			
Environmental health services	98,384	102,069	97,680
Protective services	103,092	107,016	94,450
Other			
Deed transfer tax	75,000	200,445	119,343
	<u>2,160,046</u>	<u>2,353,979</u>	<u>2,092,537</u>
Expenditures as a reduction to tax revenue			
Appropriations to Regional Centre for Education	287,703	287,700	281,076
Provincial corrections	17,350	16,355	17,159
Nova Scotia Housing Commission	41,990	78,926	75,241
Tax rebate	39,800	26,544	45,379
Tax exemption	–	2,500	2,750
	<u>\$ 1,773,203</u>	<u>\$ 1,941,954</u>	<u>\$ 1,670,932</u>
Grants in lieu of taxes			
Federal government			
Royal Canadian Mounted Police	\$ 3,300	\$ 3,103	\$ 2,816
Sale of services			
Environmental health services	\$ 163,463	\$ 171,491	\$ 164,405
Sewer connections	30,000	38,000	32,000
	<u>\$ 193,463</u>	<u>\$ 209,491</u>	<u>\$ 196,405</u>

Town of Stewiacke
Schedule A – Details of Revenues (Continued)
For the year ended March 31, 2023
(Unaudited)

	Budget	2023	2022
Other revenue from own sources			
Community Centre	\$ 6,000	\$ 11,259	\$ 9,424
Fines	1,000	138	42
Gasoline rebates	2,800	2,682	2,208
Interest on investments	2,500	91,178	7,043
Interest on taxes	12,000	14,401	13,542
Licenses and permits	10,500	18,455	13,949
Miscellaneous	12,373	65,092	56,485
Down-town decorating	2,000	1,111	(1,386)
Summer programs	16,000	-	-
Field rental	200	630	130
Sign permits	200	-	-
Tax certificate	500	2,407	1,825
Solar	28,000	25,558	-
Town days	10,000	2,256	-
HST offset revenue	7,800	8,917	6,429
Culvert/driveway installation	3,000	19,350	10,300
	\$ 114,873	\$ 263,434	\$ 119,991
Unconditional transfers from other governments			
Provincial government			
Equalization grant	\$ 202,349	\$ 202,349	\$ 404,698
Farm and acreage grant	3,346	4,622	2,993
Other government grant	-	33,015	-
	\$ 205,695	\$ 239,986	\$ 407,691
Conditional transfers from other governments			
Federal government			
Federal gas tax rebate	\$ -	\$ 85,140	\$ 162,252
Nova Scotia Health Promotion and Protection			
Recreation	25,000	25,000	25,000
	\$ 25,000	\$ 110,140	\$ 187,252

Town of Stewiacke
Schedule B – Details of Expenditures
For the year ended March 31, 2023
(Unaudited)

	2023		2022	
	Budget	Actual	Actual	
General government services				
Legislative				
Mayor remuneration and expenses	\$ 19,538	\$ 19,902	\$ 13,498	
Council remuneration and expenses	67,089	59,826	61,070	
Election	–	8,532	–	
	<u>86,627</u>	<u>88,260</u>	<u>74,568</u>	
General administrative				
Administration	256,012	276,412	248,337	
Equipment rental	9,000	7,468	6,736	
Postage	6,000	8,720	6,284	
Stationery and supplies	8,000	5,147	6,225	
Telecommunications	5,900	6,384	6,831	
Utilities	9,500	16,677	13,112	
Assessment costs	22,680	15,638	21,300	
Legal services	15,000	30,983	16,260	
IT and software	20,000	26,781	24,990	
Training and development	5,000	4,075	3,044	
Advertising	4,000	10,751	1,491	
Other	14,000	18,309	16,562	
Financial management	15,000	18,711	19,349	
Other				
Building maintenance	10,760	4,627	8,702	
Employee benefits	15,363	35,254	29,646	
Employee pension plans	36,797	20,434	15,792	
Pension admin fees	–	–	4,085	
	<u>453,012</u>	<u>506,371</u>	<u>448,746</u>	
Other general government services				
Amortization	–	17,349	9,872	
Insurance	26,000	34,542	30,565	
Interest and bank charges	8,000	8,042	9,877	
Interest on long-term debt	26,565	–	–	
Accretion	–	5,734	–	
	<u>60,565</u>	<u>65,667</u>	<u>50,314</u>	
	<u>\$ 600,204</u>	<u>\$ 660,298</u>	<u>\$ 573,628</u>	

Town of Stewiacke
Schedule B – Details of Expenditures (Continued)
For the year ended March 31, 2023
(Unaudited)

	2023		2022
	Budget	Actual	Actual
Protective services			
Police protection			
Prosecution services	\$ 1,000	\$ 807	\$ 813
Royal Canadian Mounted Police	177,128	190,015	171,130
	<u>178,128</u>	<u>190,822</u>	<u>171,943</u>
Fire protection			
Fire dispatch service	4,000	3,937	3,976
Fire fighting force	89,506	99,092	89,928
	<u>93,506</u>	<u>103,029</u>	<u>93,904</u>
Emergency measures	7,700	3,600	7,700
Other protective services			
Dog control	12,000	11,627	1,008
Ground search and rescue	7,500	7,500	7,500
Other	9,500	10,729	10,167
	<u>29,000</u>	<u>29,856</u>	<u>18,675</u>
	<u>\$ 308,334</u>	<u>\$ 327,307</u>	<u>\$ 292,222</u>
Transportation services			
Common services			
Amortization	\$ –	\$ 54,183	\$ 59,452
Equipment operation and maintenance	37,000	48,108	37,093
Public works wages	221,945	270,751	186,417
Seminars and training	3,500	692	1,635
Shop tools and equipment	24,000	24,856	15,167
Workshops, yard and other buildings	9,900	22,102	25,340
	<u>296,345</u>	<u>420,692</u>	<u>325,104</u>
Road transport			
Amortization	–	145,620	159,781
Drainage ditches	6,000	3,774	3,941
Insurance and registration	19,000	21,107	17,236
Interest on long-term debt	4,000	22,345	12,306
Roadway services	30,000	70,605	29,051
Snow and ice removal	47,000	33,670	63,373
Street lighting	28,672	25,442	27,156
	<u>134,672</u>	<u>322,563</u>	<u>312,844</u>
	<u>\$ 431,017</u>	<u>\$ 743,255</u>	<u>\$ 637,948</u>

Town of Stewiacke
Schedule B – Details of Expenditures (Continued)
For the year ended March 31, 2023
(Unaudited)

	2023		2022	
	Budget	Actual	Actual	
Environmental health services				
Amortization	\$ –	\$ 82,791	\$ 90,842	
Garbage disposal	96,000	108,209	95,351	
Insurance	4,500	2,841	4,135	
Wages and benefits	–	23,704	17,462	
Sewage collection and disposal				
Sewage collection system	11,468	–	–	
Sewage lift stations	36,000	31,472	36,654	
Sewage treatment and disposal	34,000	27,968	32,795	
	\$ 181,968	\$ 276,985	\$ 277,239	
Environmental development services				
Building inspection	\$ 30,000	\$ 58,686	\$ 12,235	
Planning and zoning	10,000	53,130	8,412	
Promotional development	25,000	39,278	11,500	
Tourism	10,000	9,056	3,900	
Accessibility	–	–	6,388	
	\$ 75,000	\$ 160,150	\$ 42,435	
Recreational and cultural services				
Recreation facilities				
Amortization	\$ –	\$ 37,054	\$ 40,658	
Community Centre	46,200	43,302	33,248	
Recreation	224,445	189,312	142,721	
Cultural buildings and facilities				
Regional Library	15,500	6,128	13,984	
	\$ 286,145	\$ 275,796	\$ 230,611	
Water treatment and distribution				
Administration	\$ 25,150	\$ 18,138	\$ 14,461	
Amortization	100,491	75,519	76,043	
Interest and bank charges	18,900	14,257	17,556	
Plant operation and pumping	110,317	113,207	82,689	
Taxes	31,627	32,184	31,421	
Transmission and distribution	53,499	58,077	41,415	
Water treatment	142,200	114,267	114,406	
Accretion	–	368	–	
	\$ 482,184	\$ 426,017	\$ 377,991	

Town of Stewiacke
Schedule of Reserves
For the year ended March 31, 2023
(Unaudited)

	2023					2022	
	Five Year Restricted For Economic Development	Gas Tax Reserve	Special Capital	Special Operating	Total	Total	Total
REVENUES							
Interest	\$ 137	\$ 13,253	\$ 3,082	\$ 37,635	\$ 54,107	\$	3,508
Nova Scotia Federal Gas Tax Rebate	—	85,140	—	—	85,140		162,252
	137	98,393	3,082	37,635	139,247		165,760
Transfer from other funds	—	(101,006)	25,000	(129,904)	(205,910)		485,465
NET CHANGE IN FUND	137	(2,613)	28,082	(92,269)	(66,663)		651,225
FUND BALANCE, BEGINNING OF YEAR	14,479	452,358	140,425	1,600,582	2,207,844		1,556,619
FUND BALANCE, END OF YEAR	\$ 14,616	\$ 449,745	\$ 168,507	\$ 1,508,313	\$ 2,141,181	\$	2,207,844

Town of Stewiacke
General Operating Fund
Schedule of Changes in Operating Fund
For the year ended March 31, 2023
(Unaudited)

	2023		2022
	Budget	Actual	Actual
REVENUES			
Taxes	\$ 1,773,203	\$ 1,941,954	\$ 1,670,932
Grants in lieu of taxes	3,300	3,103	2,816
Sale of services	193,463	209,491	196,405
Other revenue from own sources	114,873	192,004	115,328
Unconditional transfers from other governments	205,695	239,986	407,691
Conditional transfers from other governments	25,000	25,000	25,000
	<u>2,315,534</u>	<u>2,611,538</u>	<u>2,418,172</u>
EXPENDITURE			
General government services	600,204	646,211	585,934
Protective services	316,034	327,307	292,222
Transportation services	431,017	743,255	625,642
Environmental health services	181,968	276,985	277,239
Environmental development services	75,000	160,150	42,435
Recreational and cultural services	286,145	275,796	230,611
	<u>1,890,368</u>	<u>2,429,704</u>	<u>2,054,083</u>
ANNUAL SURPLUS	425,166	181,834	364,089
Transfer of amortization	-	328,646	360,605
Transfer to other funds	(425,166)	(510,480)	(724,694)
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Stewiacke
General Capital Fund
Schedule of Changes in Capital Fund
For the year ended March 31, 2023
(Unaudited)

	2023	2022
REVENUES		
Capital grants	\$ 61,574	\$ 61,574
Gain on sale of assets	-	49,539
	<u>61,574</u>	<u>111,113</u>
EXPENDITURE		
Amortization	8,353	-
Accretion	5,734	-
	<u>14,087</u>	<u>-</u>
ANNUAL SURPLUS	47,487	111,113
Repayment of long-term debt	132,154	111,366
Amortization of capital assets	(328,646)	(360,605)
Transfer from operating reserve	375,662	13,478
Transfer to capital reserve		(50,067)
Transfer to capital fund	101,006	56,866
NET CHANGE IN FUND BALANCE	327,663	(117,849)
FUND BALANCE, BEGINNING OF YEAR	5,099,739	5,217,588
FUND BALANCE, END OF YEAR	<u>\$ 5,427,402</u>	<u>\$ 5,099,739</u>

Town of Stewiacke Water Utility
Financial Statements
March 31, 2023

Town of Stewiacke Water Utility
Financial Statements
For the year ended March 31, 2023

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Independent Auditors' Report

To the Mayor and Council of
Town of Stewiacke Water Utility

Opinion

We have audited the accompanying financial statements of Town of Stewiacke Water Utility which comprise the statement of financial position as at March 31, 2023 and the statements of financial activities and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Town of Stewiacke Water Utility as at March 31, 2023 and the results of its financial performance and its cash flows for the year then ended in accordance with the Accounting and Reporting Handbook for Water Utilities in Nova Scotia.

Basis for Opinion

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. 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 Water Utility in accordance with 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.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting and Reporting Handbook for Water Utilities in Nova Scotia 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 financial statements, management is responsible for assessing the Water Utility's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Water Utility or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Water Utility's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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.

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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 decision of users taken on the basis of these 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 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 Water Utility'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 Water Utility'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 Water Utility to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sydney, Nova Scotia
August 11, 2023

MNP LLP

Chartered Professional Accountants

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Town of Stewiacke Water Utility (the "Water Utility") are the responsibility of the Water Utility's management and have been prepared in compliance with legislation and in accordance with the Accounting and Reporting Handbook for Water Utilities in Nova Scotia. A summary of the significant accounting policies are described in Note 2 to the 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.

The Water Utility's 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 financial statements. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by MNP LLP, independent external auditors appointed by the Water Utility. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Water Utility's financial statements.



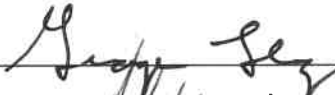

Ms. Randi Buchi
Acting Chief Administrative Officer

Town of Stewiacke Water Utility
Statement of Financial Position - Operating Fund
As at March 31, 2023

	2023	2022
ASSETS		
Cash	\$ 103,549	\$ 160,149
Receivables		
Rates	94,289	105,146
Due from Town of Stewiacke, Operating Fund	168,477	-
Due from Water Capital Fund	304,156	312,078
	\$ 670,471	\$ 577,373
LIABILITIES		
Trade payables	\$ 11,511	\$ 11,751
Deferred revenue	7,927	7,247
	19,438	18,998
FUND BALANCE	651,033	558,375
	\$ 670,471	\$ 577,373

See accompanying notes to non-consolidated financial statements.

On behalf of the Town of Stewiacke Water Utility:

 Mayor
 Chief Administrative Officer

Town of Stewiacke Water Utility
Statement of Financial Activities - Operating Fund
For the year ended March 31, 2023

	2023	2022	
	Budget (unaudited)	Actual	Actual
OPERATING REVENUES			
Operating			
Sale of water	\$ 470,442	\$ 496,138	\$ 489,184
Public fire protection	188,598	188,598	188,598
	<u>659,040</u>	<u>684,736</u>	<u>677,782</u>
OPERATING EXPENSES			
Pumping	110,317	116,078	82,689
Water treatment	142,200	114,267	114,406
Transmission and distribution	53,499	58,077	41,415
Administration and general	100,362	96,298	95,813
Depreciation	100,491	74,944	76,043
Taxes	31,627	32,184	31,421
	<u>538,496</u>	<u>491,848</u>	<u>441,787</u>
EXCESS OF OPERATING REVENUES OVER EXPENSES BEFORE THE FOLLOWING	120,544	192,888	235,995
NON-OPERATING REVENUES (EXPENSES)			
Other income	4,000	3,981	1,412
Debt charges, principal	(90,756)	(89,954)	(89,952)
Debt charges, interest	(18,900)	(14,257)	(17,231)
CHANGE IN FUND BALANCE	14,888	92,658	130,224
FUND BALANCE, BEGINNING OF YEAR	558,375	558,375	428,151
FUND BALANCE, END OF YEAR	<u>\$ 573,263</u>	<u>\$ 651,033</u>	<u>\$ 558,375</u>

See accompanying notes to non-consolidated financial statements.

Town of Stewiacke Water Utility
Statement of Cash Flows – Operating Fund
For the year ended March 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in fund balance	\$ 92,658	\$ 130,224
Change in non-cash operating working capital		
Rates receivable	10,857	(29,924)
Trade payables	(240)	(9,215)
Deferred revenue	680	7,247
	103,955	98,332
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due from own funds	(160,555)	(35,656)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(56,600)	62,676
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	160,149	97,473
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 103,549	\$ 160,149

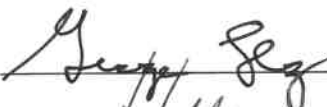

See accompanying notes to non-consolidated financial statements.

Town of Stewiacke Water Utility
Statement of Financial Position - Capital Fund
As at March 31, 2023

	2023	2022
ASSETS		
Cash	\$ 101,645	\$ 99,103
Restricted cash – depreciation fund	593,191	502,367
Capital funding receivable	–	39,121
Tangible capital assets		
Utility plant and equipment (Schedule A)	4,756,883	4,774,273
	\$ 5,451,719	\$ 5,414,864
LIABILITIES		
Due to Water Operating Fund	\$ 304,156	\$ 312,078
Due to Town of Stewiacke, Operating Fund	–	30,099
Deferred contributions	1,715,366	1,744,991
Accumulated depreciation	1,144,009	1,097,372
Long-term debt (note 3)	306,386	396,340
Asset retirement obligation (note 4)	11,859	–
	3,481,776	3,580,880
NET ASSETS		
Fund balance	64,533	47,207
Investment in capital assets	1,905,410	1,786,777
	1,969,943	1,833,984
	\$ 5,451,719	\$ 5,414,864

See accompanying notes to non-consolidated financial statements.

On behalf of the Town of Stewiacke Water Utility:

 Mayor
 Chief Administrative Officer

Town of Stewiacke Water Utility
Water Utility Section
Statement of Accumulated Allowance for Depreciation
For the year ended March 31, 2023

	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 1,097,372	\$ 1,021,329
Depreciation for the year	75,518	76,043
Disposal of capital assets	(28,881)	-
BALANCE, END OF YEAR	\$ 1,144,009	\$ 1,097,372

Statement of Changes in Capital Fund
For the year ended March 31, 2023

	2023	2022
FUND BALANCE, BEGINNING OF YEAR	\$ 47,207	\$ 46,037
Interest revenue	17,326	1,170
FUND BALANCE, END OF YEAR	\$ 64,533	\$ 47,207
INVESTMENT IN CAPITAL ASSETS, BEGINNING OF YEAR	\$ 1,786,777	\$ 1,668,077
Repayment of long-term debt	89,954	89,951
Amortization of deferred contributions	29,625	28,749
Amortization of asset retirement obligation	(578)	-
Accretion	(368)	-
INVESTMENT IN CAPITAL ASSETS, END OF YEAR	\$ 1,905,410	\$ 1,786,777

Statement of Depreciation Fund Cash
For the year ended March 31, 2023

	2023	2022
FUND, BEGINNING OF YEAR	\$ 469,591	\$ 482,670
Depreciation	75,518	76,043
Purchase of tangible capital assets	-	(89,122)
FUND, END OF YEAR	545,109	469,591
Excess amount	48,082	32,776
CASH, END OF YEAR	\$ 593,191	\$ 502,367

Town of Stewiacke Water Utility
Notes to Financial Statements
For the year ended March 31, 2023

1. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2022, the Water Utility adopted PS3280 – Asset retirement obligations as set out in the Canadian public sector accounting standards. In accordance with the transition provision of PS3280, the change in policy was adopted on the prospective basis as of April 1, 2022.

The Water Utility recognized the discounted obligation on April 1, 2022 that represents the decommissioning and contamination removal of specific assets held (note 4).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with generally accepted accounting principles adopted for Water Utilities in Nova Scotia and are intended for the use of the Town of Stewiacke Water Utility (the Utility), Council and Service Nova Scotia and Municipal Relations.

The basis of accounting used in these financial statements differs materially from generally accepted accounting principles as prescribed by the Chartered Professional Accountants Handbook (the CPA Handbook). The significant differences between generally accepted accounting principles for Water Utilities in Nova Scotia and the CPA Handbook are that the CPA Handbook requires the:

- Financial statements be prepared on a consolidated basis to reflect the assets, liabilities, revenues and expenses, and changes in net assets and in financial position of all organizations, commissions and agencies which are owned or controlled by the Water Utility. This would include, at a minimum, the individual funds represented in these financial statements – Operating Fund and Capital Fund. The consolidated financial statements prepared in accordance with the CPA Handbook would include consolidated statements of financial position, financial activities, changes in net financial assets and cash flows;
- Revenues and expenses be recorded on a full accrual basis;
- The Utility capitalize all of its capital acquisitions rather than charging some to operations in the year acquired; and
- Principal debt repayments not be recorded as an expense of the Utility.

(b) Cash and cash equivalents

Cash and cash equivalents of the operating fund is defined as cash on hand and on deposit at banks net of outstanding cheques and deposits.

Town of Stewiacke Water Utility
Notes to Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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 past transaction or event giving rise to the liability has occurred;
- c) It is expected that future economic benefits will be given up; and
- d) A reasonable estimate of the amount can be made.

The liability for the closure and decommissioning of water treatment plant intake has been recognized based on estimated future expenses. The liability associated with the remediation of contaminants present within a number of buildings owned by the Town has also been recognized based on estimated future expenses on closure of the sites and post-closure care.

(d) Revenues and expenses

Major revenues and expenses items are recorded on an accrual basis. Consumer billings of rates for subsequent periods are recorded as deferred revenues.

Certain sources of revenues, including forfeited discounts and interest on past due rates, are recorded on a cash basis.

(e) Allowance for doubtful accounts

A valuation allowance is provided for estimated losses that will be incurred in collecting consumer rates receivable outstanding.

(f) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles adopted for Water Utilities in Nova Scotia requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Amortization is based on the estimated useful lives of capital assets.

Rates and other receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Asset retirement obligations are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the years in which they become known.

Town of Stewiacke Water Utility
Notes to Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Financial instruments consist of cash and cash equivalents, rates receivable, other receivables, trade payables and long-term debt.

Subsequent measurement

At each reporting date, the Water Utility measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Water Utility uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues and expenses. The financial instruments measured at amortized cost are cash and cash equivalents, rates receivable, other receivables, trade payables and long-term debt.

Impairment

For financial assets measured at cost or amortized cost, the Water Utility regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Water Utility determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Unless otherwise noted, it is management's opinion that the Water Utility is not exposed to significant interest or credit risks arising from financial instruments.

Town of Stewiacke Water Utility
Notes to Financial Statements
For the year ended March 31, 2023

3. LONG-TERM DEBT

	Interest rate - %	Matures	Balance March 31/22	Repaid	Balance March 31/23
Water Capital Fund					
Scotia Bank Truck	5.89%	2024	\$ 10,035	\$ (5,018)	\$ 5,017
Nova Scotia Municipal Finance Corporation					
	2.1 – 3.3%	2029	61,250	(8,750)	52,500
	2.0 – 2.3%	2024	84,555	(28,186)	56,369
	4.1 – 4.9%	2025	220,000	(27,500)	192,500
	2.6 – 3.5%	2023	20,500	(20,500)	–
			\$ 396,340	\$ (89,954)	\$ 306,386

Principal payments required in each of the next five years on debt held as at March 31, 2023 are as follows:

2024	\$ 69,452
2025	201,934
2026	8,750
2027	8,750
2028	8,750
Thereafter	8,750

4. ASSET RETIREMENT OBLIGATION

The Water Utility's asset retirement obligation consists of the liability for the closure and decommissioning of water treatment plant intake and remediation of contaminants present within a building owned by the Water Utility. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. These buildings and plant have expected useful lives of 20 years. Estimated costs have been discounted to the present value using discount rates of 3.2% per annum.

Changes to the asset retirement obligation in the year are as follows:

	2023
Opening balance	\$ –
Acquired upon adoption	11,491
Accretion expense	368
	\$ 11,859

Town of Stewiacke Water Utility
Notes to Financial Statements
For the year ended March 31, 2023

5. TRANSACTIONS WITH TOWN OF STEWIACKE

- a) In general, and where identifiable, costs incurred by the Town on behalf of the Utility are charged to the Utility.
- b) Salary and wage-related costs are allocated in proportion to time spent performing functions on behalf of the Utility.
- c) At March 31, 2023, the Town owed \$168,477 to the Water Utility (2022 – \$nil) with respect to this inter-fund balance, no interest has been charged by the Water Utility.

6. RATE OF RETURN ON RATE BASE

For the year ended March 31, 2023, the Town of Stewiacke Water Utility had a rate of return on rate base of 10.1% (2022 – 12.2%).

7. FINANCIAL INSTRUMENTS

The carrying value of cash, rates and other receivables and trade payables approximate their fair value due to the relatively short terms to maturity.

The carrying value of inter-fund balances and due to/from Town of Stewiacke approximates its fair value due to special conditions attached thereto.

Town of Stewiacke Water Utility
Schedule A – Utility Plant and Equipment
For the year ended March 31, 2023

	2023	2022
Water storage plant	\$ 1,716,814	\$ 1,716,814
Equipment	125,912	147,077
Mains	1,946,865	1,946,865
Services	207,498	207,498
Meters	33,910	41,626
Hydrants	77,718	77,718
Water treatment plant	417,277	405,786
Trucks	28,595	28,595
Computer software	24,051	24,051
Water wells	178,243	178,243
	\$ 4,756,883	\$ 4,774,273