



Consolidated financial statements

Municipality of the County of Victoria

March 31, 2023

Contents

	<u>Page</u>
Management's responsibility for financial reporting	1
Independent auditor's report	2 - 3
Consolidated statement of financial position	4
Consolidated statement of operations	5
Consolidated statement of changes in net debt	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 - 27
Schedule of tangible capital assets	28 - 29

Municipality of the County of Victoria

Management's Responsibility for the Consolidated Financial Statements

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 are described in Note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current 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 Victoria and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Municipality of the County of Victoria



Leanne MacEachen, CPA, CA
Chief Administration Officer



Alix Redden, MBA, CPA, CMA
Chief Financial Officer

February 20, 2024

Independent auditor's report

To the Warden and Council of the Municipality of the County of Victoria

Qualified opinion

We have audited the consolidated financial statements of the Municipality of the County of Victoria ("the Municipality"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion paragraph*, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at March 31, 2023, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for qualified opinion

Canadian public sector accounting standards requires a comparison of the results for the accounting period with those originally planned. Planned results should be presented for the same scope of activities and on a basis consistent with that used for actual results. Highland Manor Municipal Housing Corporation, a housing operation controlled by the Municipality, does not have a formal budgeting process in place, including board approval for a formal budget. Therefore, the budgeted amounts for revenues and expenses relating to these housing operations are not presented in these consolidated financial statements. Our opinion on the consolidated financial statements for the Municipality for year ended March 31, 2023 is modified as a result of this departure from Canadian public sector accounting standards.

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 qualified opinion.

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 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 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 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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Sydney, Canada
February 20, 2024

Chartered Professional Accountants

Municipality of the County of Victoria

Consolidated statement of financial position

March 31

2023

2022

Financial assets

Cash and cash equivalents (Note 2)	\$ 19,626,098	\$ 17,483,788
Taxes receivable (Note 3)	574,827	735,796
User charges receivable	215,166	169,932
Receivables from governments (Note 4)	706,088	370,978
Other receivables (Note 5)	394,059	355,112
Replacement reserve investment	-	8,131
Restricted cash (Note 2)	<u>2,923,795</u>	<u>2,669,393</u>
	<u>24,440,033</u>	<u>21,793,130</u>

Financial liabilities

Payables and accruals	3,992,841	3,027,990
Deferred revenue (Note 15)	2,956,679	2,763,584
Asset retirement obligation (Note 19)	238,682	-
Capital renewal fund (Note 2)	2,923,795	2,669,393
Other liabilities	1,214,247	529,324
Sick leave benefit liability (Note 13)	755,652	700,243
Long-term debt (Note 7)	<u>19,270,160</u>	<u>21,393,556</u>
	<u>31,352,056</u>	<u>31,084,090</u>

Net debt (6,912,023) (9,290,960)

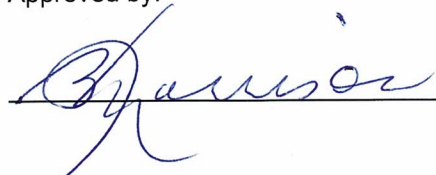
Non-financial assets

Tangible capital assets (Note 6)	28,660,790	28,268,634
Prepays and other non-financial assets	<u>34,901</u>	<u>104,316</u>
	<u>28,695,692</u>	<u>28,372,950</u>

Accumulated surplus \$ 21,783,669 19,081,990

Contingencies (Note 10)

Approved by:

 Warden

 CAO

See accompanying notes to the consolidated financial statements.

Municipality of the County of Victoria

Consolidated statement of operations

Year ended March 31

2023

2022

	Budget (Note 17)	Actual	Actual
Revenue			
Taxes	\$ 10,327,600	\$ 10,507,046	\$ 9,805,528
Less: regional centre for education registration	<u>(2,497,500)</u>	<u>(2,497,486)</u>	<u>(2,451,200)</u>
Municipal taxation	7,830,100	8,009,560	7,354,328
Grants-in-lieu of taxes	2,280,600	2,306,433	2,028,107
Government grants and capital contributions	391,454	1,043,376	1,837,031
User charges and water rates	667,000	658,055	605,683
Other revenue	1,176,176	1,148,177	1,114,594
Collections for other governments	391,454	277,838	-
Sale of services	93,855	137,088	106,184
Interest revenue	11,000	335,889	69,397
Department of Health and Wellness – housing operations	8,213,158	11,348,431	10,175,888
Sale of services – housing operations	1,298,346	1,585,526	1,541,360
Sundry - housing operations	-	105,393	87,549
Miscellaneous revenue	<u>-</u>	<u>557,113</u>	<u>96,943</u>
	<u>21,961,689</u>	<u>27,512,879</u>	<u>25,017,064</u>
Expenses			
General government services	3,931,100	3,507,991	3,176,620
Protective services	3,263,466	3,300,677	2,970,611
Transportation services	743,100	699,986	636,348
Environmental health services	2,783,400	2,981,211	2,399,816
Economic development services	226,000	96,498	110,278
Public health and welfare services	70,700	112,023	28,410
Recreation and cultural services	553,900	489,646	356,056
Housing operations	7,637,656	12,448,275	11,044,936
Water treatment and distribution	868,100	889,837	729,176
Transfers to other governments	<u>63,600</u>	<u>285,056</u>	<u>142,552</u>
	<u>20,141,022</u>	<u>24,811,200</u>	<u>21,594,803</u>
Annual surplus	<u>\$ 1,820,667</u>	<u>2,701,679</u>	3,422,261
Accumulated surplus, beginning of year		<u>19,081,990</u>	<u>15,659,729</u>
Accumulated surplus, end of year		<u>\$ 21,783,669</u>	<u>\$ 19,081,990</u>

Municipality of the County of Victoria

Consolidated statement of changes in net debt

Year ended March 31

2023

2022

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 1,820,667	\$ 2,701,679	\$ 3,422,261
Amortization of tangible capital assets	-	1,063,545	1,121,768
Purchase of tangible capital assets	-	(1,455,701)	(1,847,125)
	1,820,667	2,309,523	2,696,904
Change in prepaid expenses and other non-financial assets	-	69,414	(12,836)
Increase in net debt	<u>\$ 1,820,667</u>	2,378,937	2,684,068
Net debt			
Beginning of year		<u>(9,290,960)</u>	<u>(11,975,028)</u>
End of year		\$ (6,912,023)	\$ (9,290,960)

See accompanying notes to the consolidated financial statements.

Municipality of the County of Victoria

Consolidated statement of cash flows

Year ended March 31

2023

2022

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 2,701,679	\$ 3,422,261
Accretion expense	14,927	-
Amortization of tangible capital assets	<u>1,063,545</u>	<u>1,121,768</u>
	3,780,151	4,544,029
Increase (decrease) in:		
Prepays and other non-financial assets	69,415	(12,836)
Taxes receivable	160,969	130,155
User charges receivable	(45,234)	65,532
Receivables from governments	(335,110)	55,320
Other receivables	(38,947)	28,695
Payables and accruals	964,850	534,729
Capital renewal fund	254,402	222,847
Deferred revenue	193,095	395,522
Other liabilities	684,923	317,057
Sick leave benefit liability	55,409	65,847
Replacement reserve investment	<u>8,131</u>	<u>-</u>
	5,752,054	6,346,897
Capital activities		
Purchase of tangible capital assets	(1,231,946)	(1,847,125)
Financing activities		
Repayment of long-term debt	(2,258,653)	(2,209,668)
Proceeds from new long-term debt	<u>135,257</u>	<u>-</u>
	(2,123,396)	(2,209,668)
Investing activities		
Replacement reserve investment	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	2,396,712	2,290,104
Cash and cash equivalents		
Beginning of year	<u>20,153,181</u>	<u>17,863,077</u>
End of year	<u>\$ 22,549,893</u>	<u>\$ 20,153,181</u>
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 19,626,098	\$ 17,483,788
Restricted cash	<u>2,923,795</u>	<u>2,669,393</u>
	<u>\$ 22,549,893</u>	<u>\$ 20,153,181</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Victoria

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 3 to 58 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 \$223,755, representing the original \$820,814 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 Municipality 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.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies

Principles and basis of consolidation

The consolidated financial statements of the Municipality of the County of Victoria are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses 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 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:

Alderwood Corporation
Highland Manor Municipal Housing Corporation

Also consistent with public sector accounting standards for government partnerships, the following organizations are also included and are accounted for using the proportionate consolidation method:

Eastern District Planning Commission – 16.7% (2022 – 16.7%)

Interdepartmental and organizational transactions and balances are eliminated.

Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due.

Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds for the general operations, the water utility, 16.7% of the Eastern District Planning Commission, Alderwood Corporation and Highland Manor Municipal Housing Corporation. Transfers between funds are recorded as adjustments to the appropriate fund balance.

Reserves for future expenditures

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenditures. Transfers to and from reserves and reserve funds are reflected as an adjustment to the respective fund.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of consolidated financial statements in accordance 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates for the Municipality include amortization of tangible capital assets, the valuation allowances on receivables, the sick leave benefit liability and the deferred benefit pension liability.

Revenue recognition

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.

Cash and cash equivalents

Cash and cash equivalents include undesignated cash of \$7,895,791 (2022 - \$6,507,255) and internally designated cash of \$11,730,307 (2022 - \$10,976,533). These totals include cash on hand and balances with banks.

Restricted cash and capital renewal fund

The restricted cash represents cash received from the Nova Scotia Department of Health that is required to be invested by Alderwood Corporation 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 expense is incurred. During the year, the Corporation received \$222,011 (2022 - \$222,847) in contributions which were deferred.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

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 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.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Budget figures

The budget figures contained in these consolidated financial statements were approved by Council on May 23, 2023 in its original fiscal plan. They also include budgets prepared and approved by controlled entities in accordance with Public Sector requirements. Note 16 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

Tangible capital assets

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

Buildings and structures	1%, straight line, 2.5% - 4%, declining balance
Equipment	
Pumping and purification	1%, straight line
Machinery	10%, declining balance
Water delivery lines	1%-1.3%, straight line
Meters and hydrants	1%-1.3%, straight line
Vehicles	30%, declining balance
Computer	30%, declining balance

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.

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

The Municipality does not capitalize interest as part of the costs of its capital assets.

When conditions indicate that a tangible capital asset no longer contributes to the Municipality's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-downs of tangible capital assets are accounted for as expenses in the statement of operations and such write-downs are not reversed.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Segmented information

The Municipality of the County of Victoria 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 segment 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 segment is primarily responsible for contracted policing, fire protection, and bylaw administration for its residents.

Transportation services

The Municipality is responsible for the maintenance of roads and sidewalks. They are also responsible for the street lighting within the Municipality.

Environmental health services

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

Economic development services

This segment is responsible for funding of various economic development agencies.

Public health and welfare services

This department is responsible for supporting programs to help lower income households maintain, acquire or rent safe, adequate and affordable housing.

Recreation and cultural services

The recreation segment is responsible for promoting and offering opportunities and activities to the Municipality's residents including programs and active living programs.

Housing operations

This department is responsible for the operations of the long-term care facilities.

Water treatment and distribution

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

Transfers to other governments

This department is responsible for the transferring of funds collected on behalf of the other government entities.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, receivables, replacement reserve investment, bank loan, payables and accruals, sick leave benefit liability, other liabilities, and long-term debt. Financial instruments are carried at cost which approximates their fair value.

Deferred revenue

Deferred revenue relating to operations is recognized as related expenses occur. Deferred revenue relating to capital projects is recognized in the period that the resources are used for the specified purposes outlined in its agreement and as the Municipality discharges its obligations, in accordance with the terms and conditions of the agreement.

Deferred gas tax funding (if applicable) and other deferred revenue will be recognized in the period in which the resources are used for the purposes specified.

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 would be recorded net of any expected recoveries. A liability for remediation of contaminated sites would be recognized when the following criteria are met.

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

As of March 31, 2023, there are no known contaminated sites identified by management.

3. Taxes receivable	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,076,917	\$ 1,184,223
Levy	10,621,879	9,918,460
Collections for other governments	277,838	-
Interest	<u>123,138</u>	<u>114,950</u>
	12,099,772	11,217,633
Collections	<u>11,108,734</u>	<u>10,032,282</u>
	991,038	1,185,351
Write offs, adjustments and exemptions	<u>75,090</u>	<u>108,434</u>
	915,948	1,076,917
Valuation allowance	<u>341,121</u>	<u>341,121</u>
	<u>\$ 574,827</u>	<u>\$ 735,796</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

4. Receivables from governments	<u>2023</u>	<u>2022</u>
HST rebate	\$ 200,137	\$ 202,742
Province of Nova Scotia	<u>505,951</u>	<u>168,236</u>
	<u>\$ 706,088</u>	<u>\$ 370,978</u>

5. Other receivables	<u>2023</u>	<u>2022</u>
Sundry receivables	\$ 365,118	\$ 309,558
Patron's board – Alderwood Corporation	<u>28,941</u>	<u>45,554</u>
	<u>\$ 394,059</u>	<u>\$ 355,112</u>

6. Tangible capital assets			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Land and improvements	\$1,000,778	-	\$ 1,000,778	\$ 936,537
Buildings and structures	31,062,658	12,380,994	18,681,664	18,223,506
Parking area	91,300	57,888	33,412	37,124
Equipment				
Pumping and purification	613,414	394,601	218,813	221,203
Machinery	3,882,880	3,393,742	489,138	539,517
Water delivery lines	8,235,649	1,267,993	6,967,656	7,031,206
Meters and hydrants	179,555	159,798	19,757	34,814
Vehicles	2,076,571	1,119,732	956,839	915,345
Computer	130,419	124,092	6,327	11,337
C&D site	<u>566,848</u>	<u>280,442</u>	<u>286,406</u>	<u>318,045</u>
	<u>47,840,072</u>	<u>19,179,282</u>	<u>\$ 28,660,790</u>	<u>\$ 28,268,634</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

7. Long-term debt	<u>2023</u>	<u>2022</u>
Municipal Finance Corporation		
Municipality of the County of Victoria		
1.1% interest bearing loan for operating purposes. Loan maturing in August 2023 and payable in annual principal instalments of \$1,202,000 commencing in August 2021.	\$ 1,202,000	\$ 2,404,000
Nova Scotia Housing Development Corporation		
Alderwood Corporation		
5.12% mortgage, maturing in June 2035, payable in monthly instalments of principal and interest of \$163,887. As security for the loan the Corporation has provided a first mortgage over the facility as well as a general security agreement over all other property.	17,921,884	18,952,076
Bank of Nova Scotia		
Highland Manor Municipal Housing Corporation		
Prime + 1.5% term loan maturing in April 2023, payable in monthly instalments of \$1,611 plus interest. Loan is secured by a general security agreement over all present and future property of the Manor.	1,029	20,362
Housing Nova Scotia		
Highland Manor Municipal Housing Corporation		
Loan with proceeds available up to \$760,455, bearing Interest at Provincial Cost of Funds +0.20% due and Payable on August 31, 2023. Security is 1 st charged On property with a net book value of \$227,475 and a General security agreement	137,060	-
Kubota Canada Ltd.		
Highland Manor Municipal Housing Corporation		
Non-interest bearing loan maturing in September 2024, payable in monthly instalments of \$774. Loan is secured by a 2016 Kubota tractor with a net book value of \$25,647.	<u>8,187</u>	<u>17,118</u>
	<u>\$ 19,270,160</u>	<u>\$ 21,393,556</u>

Principal repayments required during each of the next five years on long-term debt are approximately as follows:

	Municipality of the County of Victoria	Alderwood Corporation	Highland Manor Municipal Housing Corporation
2023	\$ 1,202,000	\$ 1,083,612	\$ 146,275
2024	-	\$ 1,139,803	-
2025	-	\$ 1,198,908	-
2026	-	\$ 1,261,078	-
2027	-	\$ 1,326,472	-

The consolidated Municipality incurred interest expense of \$962,045 (2022 - \$1,014,906) on long-term debt.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

8. 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	\$ 96,498	\$ 28,410
Cape Breton Regional Library	\$ 48,000	\$ 48,000
Cape Breton-Victoria Regional Centre for Education	\$ 2,497,486	\$ 2,451,200

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.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

9. Other

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

<u>Official</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
Bruce J. Morrison	Warden	\$ 45,401	\$ 3,956
Larry Dauphinee	Deputy Warden	\$ 26,870	\$ 4,057
Barbara Longva	Councillor	\$ 25,017	\$ 6,494
Fraser Patterson	Councillor	\$ 25,017	\$ 10,903
Paul MacNeil	Councillor	\$ 25,017	\$ 3,425
Jacqueline Organ	Councillor	\$ 25,017	\$ 1,915
Norman MacDonald	Councillor	\$ 25,017	\$ 2,857
Perla MacLeod	Councillor	\$ 25,017	\$ 3,855
Leanne MacEachen	CAO	\$ 125,629	\$ 7,094

10. Contingencies

The Municipality has the following loan guarantees:

Village of Baddeck – amount of \$1,100,000 with a balance of \$100,986.

All loan payments are up to date, therefore no provision for losses has been recorded.

11. Landfill closure/post closure costs

The Municipality has adopted a policy of closing and capping landfill cells as they reach capacity. Additionally, they have not opened any new cells as solid waste is being transferred to the landfill facility in the Municipality of the District of Guysborough since January 1, 2006. This policy, combined with the relatively low population of the Municipality, has led management to conclude that any liability is negligible.

The Municipality continues to accept construction and demolition waste (C & D) at its facilities. While regulations are still under development for the management of these materials, space limitations has led to a need to process and/or dispose of these materials. Included in liabilities is an amount of \$15,000 related to the materials currently on site as of March 31, 2023. This estimate was based on a report prepared by consulting engineers in conjunction with the Municipality's staff in 2012.

Municipality of the County of Victoria

Notes to the Consolidated Financial Statements

March 31, 2023

12. Segment disclosure - 2023

	General Government	Protective	Transportation	Environmental health	Public health and welfare	Economic development	Recreation and cultural	Transfers to other governments	Housing Operations	Water treatment and distributions	2023
Revenues											
Taxes	\$ 2,442,573	\$ 2,306,918	\$ 489,236	\$ 2,083,636	\$ 67,445	\$ 78,295	\$ 342,225	\$ 199,232	\$ -	\$ -	\$ 8,009,560
Grants in lieu of taxes	703,363	644,300	140,880	600,004	19,421	22,546	98,547	57,371	-	-	2,306,433
Government grants and contributions	1,030,376	-	-	-	-	-	13,000	-	-	-	1,043,376
User charges and water rates	-	-	-	-	-	-	-	-	-	658,055	658,055
Other revenue	320,622	-	-	827,555	-	-	-	-	-	-	1,148,177
Collections for other government	277,838	-	-	-	-	-	-	-	-	-	277,838
Sale of services	137,088	-	-	-	-	-	-	-	1,585,526	-	1,722,614
Department of Health and Wellness	-	-	-	-	-	-	-	-	11,348,431	-	11,348,431
Sundry revenue and special funds	-	-	-	-	-	-	-	-	105,393	-	105,393
Interest	301,534	-	-	-	-	-	-	-	-	34,355	335,889
Miscellaneous	557,113	-	-	-	-	-	-	-	-	-	557,113
	5,770,508	2,971,218	630,116	3,511,195	86,866	100,841	453,772	256,603	13,039,350	692,410	27,512,879
Expenses											
Salaries, wages and benefits	\$ 1,597,609	56,009	-	1,235,106	-	-	115,076	-	9,263,686	304,629	12,572,115
Materials, goods, supplies and utilities	-	-	532,404	1,157,301	-	-	-	-	754,061	72,956	2,516,722
Contract services	-	1,969,300	-	-	96,498	112,023	-	285,056	593,034	-	3,055,911
Amortization	16,086	7,246	167,582	31,804	-	-	-	-	736,382	102,888	1,061,988
Interest on long-term debt	13,222	-	-	-	-	-	-	-	937,135	-	950,357
Financial and other operating expenses	1,881,074	1,268,122	-	557,000	-	-	374,570	-	163,977	409,364	4,654,107
	3,507,991	3,300,677	699,986	2,981,211	96,498	112,023	489,646	285,056	12,448,275	889,837	24,811,200
Annual surplus	<u>\$ 2,262,517</u>	<u>\$ (329,459)</u>	<u>\$ (69,870)</u>	<u>\$ 529,984</u>	<u>\$ (9,632)</u>	<u>\$ (11,182)</u>	<u>\$ (35,874)</u>	<u>\$ (28,453)</u>	<u>\$ 591,075</u>	<u>\$ (197,427)</u>	<u>\$ 2,701,679</u>

Municipality of the County of Victoria

Notes to the Consolidated Financial Statements

March 31, 2023

12. Segment disclosure - 2022

	General Government	Protective	Transportation	Environmental health	Public health and welfare	Economic development	Recreation and cultural	Transfers to other governments	Housing Operations	Water treatment and distributions	<u>2022</u>
Revenues											
Taxes	\$ 2,365,410	\$ 2,230,580	\$ 477,823	\$ 1,801,980	\$ 21,333	\$ 82,806	\$ 267,356	\$ 107,040	\$ -	\$ -	\$ 7,354,328
Grants in lieu of taxes	652,313	615,128	131,769	496,933	5,8832	22,835	73,729	29,518	-	-	2,028,107
Government grants and contributions	1,822,031	-	-	-	-	-	15,000	-	-	-	1,837,031
User charges and water rates	-	-	-	-	-	-	-	-	-	605,683	605,683
Other revenue	164,546	-	-	950,048	-	-	-	-	-	-	1,114,594
Sale of services	106,184	-	-	-	-	-	-	-	1,541,360	-	1,647,544
Department of Health and Wellness	-	-	-	-	-	-	-	-	10,175,888	-	10,175,888
Sundry revenue and special funding	-	-	-	-	-	-	-	-	87,549	-	87,549
Interest	59,465	-	-	-	-	-	-	-	-	9,932	69,397
Miscellaneous	96,943	-	-	-	-	-	-	-	-	-	96,943
	<u>5,266,892</u>	<u>2,845,708</u>	<u>609,592</u>	<u>3,248,961</u>	<u>27,215</u>	<u>105,641</u>	<u>356,085</u>	<u>136,558</u>	<u>11,804,797</u>	<u>615,615</u>	<u>25,017,064</u>
Expenses											
Salaries, wages and benefits	1,549,689	67,663	-	1,101,997	-	-	119,867	-	7,947,454	176,118	10,962,788
Materials, goods, supplies and utilities	-	-	452,313	1,157,301	-	-	-	-	692,243	72,956	2,374,813
Contract services	-	1,728,536	-	-	28,410	110,278	-	142,552	464,082	-	2,473,858
Amortization	19,765	1,629	184,035	35,338	-	-	-	-	771,909	109,092	1,121,768
Interest on long-term debt	26,444	-	-	-	-	-	-	-	988,462	-	1,014,906
Financial and other operating expenses	<u>1,580,722</u>	<u>1,172,783</u>	<u>-</u>	<u>105,180</u>	<u>-</u>	<u>-</u>	<u>236,189</u>	<u>-</u>	<u>180,786</u>	<u>371,010</u>	<u>3,646,670</u>
	<u>3,176,620</u>	<u>2,970,611</u>	<u>636,348</u>	<u>2,399,816</u>	<u>28,410</u>	<u>110,278</u>	<u>356,056</u>	<u>142,552</u>	<u>11,044,936</u>	<u>729,176</u>	<u>21,594,803</u>
Annual surplus	<u>\$ 2,090,272</u>	<u>\$ (124,903)</u>	<u>\$ (26,756)</u>	<u>\$ 849,145</u>	<u>\$ (1,195)</u>	<u>\$ (4,367)</u>	<u>\$ 29</u>	<u>\$ (5,994)</u>	<u>\$ 759,861</u>	<u>\$ (113,561)</u>	<u>\$ 3,422,261</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

13. Employee benefit obligations – sick leave benefit liability

Summary:

	<u>2023</u>	<u>2022</u>
Municipality of the County of Victoria	\$ 389,952	\$ 373,743
Alderwood Corporation	<u>365,700</u>	<u>326,500</u>
	<u>\$ 755,652</u>	<u>\$ 700,243</u>

Municipality of the County of Victoria:

Section 3255 of the CPA Canada Public Sector Accounting Handbook requires that a liability and expense be recorded for compensated absences that are both accumulating and non-vesting and accumulating and vesting. The valuation was completed as at March 31, 2021 and projected by the actuary to March 31, 2023.

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.

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 373,743	\$ 327,496
Benefit period cost	36,808	35,036
Change due to plan amendment	-	-
Actuarial loss	-	40,760
Interest accrued	11,286	10,966
Benefit payments	<u>(31,885)</u>	<u>(40,515)</u>
Balance, end of year (unfunded)	<u>\$ 389,952</u>	<u>\$ 373,743</u>

Assumptions:

Discount rate:	3.0% (2021 – 3.0%) per annum
Salary increases:	2.75% (2021 - 2.75%) per annum
Mortality rate:	Uninsured Pensioners 1994 with mortality improvement projections to 2040
Retirement age:	End of the year in which age 65 is attained, or in 1 year if already 65
Termination rate:	Ontario Light Termination Rates
days	

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

13. Employee benefit obligations – sick leave benefit liability (continued)

Early future retirement rates: 25% in the earliest year of meeting rules for no reduction in pension; 10% in subsequent years
 EARSL: 10 years for the sick leave benefits

Plan Provisions:

The main provisions of the program are as follows:

- Eligible employees are granted 2.0 sick leave days per month (i.e., 24 days per year based on an employee working full time). This number is prorated for those employed less than full-time
- Employees may accumulate 100% of their unused sick time, up to a maximum of 180 days in a sick leave bank
- The sick leave payout bank is greater of 50% of accumulated credits (of a maximum of 180 days) at retirement or \$500 per year of service.

Alderwood Corporation:

Section 3255 of the CPA Canada Public Sector Accounting Handbook requires that a liability and expense be recorded for compensated absences that vest or that accumulate. The Entity has employees that have sick benefits that are accumulating and non-vesting. The valuation was completed 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 PS3255:

	<u>2023</u>	<u>2022</u>
Current period benefit cost	\$ 77,200	\$ 44,500
Interest expense	<u>11,900</u>	<u>10,800</u>
Benefit expense	<u>\$ 89,100</u>	<u>\$ 55,300</u>

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

	<u>2023</u>	<u>2022</u>
Balance, beginning and end of year (unfunded)	\$ 326,500	\$ 306,900
Benefit expense	77,200	44,500
Interest expense	11,900	10,800
Benefit payments	(49,900)	(42,200)
Loss on accrued benefit obligation	<u>-</u>	<u>6,500</u>
Balance, end of year (unfunded)	<u>\$ 365,700</u>	<u>\$ 326,500</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

13. Employee benefit obligations – sick leave benefit liability (continued)

Assumptions:

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

Plan Provisions:

The main provisions of the program are as follows:

- Eligible CUPE and NSNU employees are granted 144 sick leave hours per year (i.e. 18 days per year based on an employee working 2080 hours per year). These amounts are prorated for those employed less than full-time.
- Employees may accumulate 100% of their unused sick time in a sick leave bank, up to a maximum of:
 - 1,200 hours for CUPE employees; and
 - 960 hours for NSNU employees.
- Unused accumulated sick leave banks at termination, retirement, or death are forfeited.

14. Employee benefit obligations – pension plans

Defined contribution plans

Municipality of the County of Victoria

The Municipality provides a defined contribution pension plan whereby it matches employee contributions up to a maximum of 9%. These obligations are paid on a monthly basis. During the year contributions were made under the terms of the plan totalling \$150,376 (2022 - \$168,221). These contributions were recorded as expenses of the period.

Alderwood Corporation:

The Corporation has contributed \$307,464 (2022 - \$296,927) to the employee's defined contribution plan for the year ended March 31, 2023, which has been included with housing operations expense in the consolidated financial statements.

For earnings up to the yearly maximum pensionable earnings (YMPE) the Home contributes 9.22% of gross wages to a registered pension plan which requires contributions of 7.82% from employees. Once earnings exceed YMPE the Home contributes 11.58% and the employees contribute 10.18%.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

14. Employee benefit obligations – pension plans (continued)

Defined benefit pension plans

Highland Manor Municipal Housing Corporation:

Eligible employees of the Corporation participate in the Nova Scotia Health Employees' Pension Plan, which is a 3rd party administered defined plan. During the year, the Home paid \$130,634 (2022 - \$119,867) in employer contributions to the plan at an average rate of 9.38% (2022 – 9.48%) of pensionable earnings totalling \$1,392,090 (2022 - \$1,263,714). In addition, the Manor paid \$3,312 (2022 - \$3,124) in employer contributions for employees on a self-directed RRSP plan which cost shared equally at 5.95% (2022 - \$5.95%).

Municipality of the County of Victoria

The Municipality of the County of Victoria sponsors a contributory defined benefit pension plan for a retired Municipal CAO. The plan provides pension benefits for services which are determined using a final average salary formula in which the benefit is calculated as a specified percentage of the member's average salary over the last five years of membership in the plan.

Actuarial valuations for accounting purposes are performed triennially using the going concern method. The most recent actuarial valuation was prepared at March 31, 2023 and at that time the pension plan had an accrual benefit obligation of \$134,826. Due to the pensioner's passing, there is no longer any liability associated with the plan.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Municipalities' best estimates.

The following summarizes the major assumptions in the valuation:

- the expected inflation rate is 2.3 percent;
- the discount rate used to determine the accrued benefit obligation is 4.75 percent;
- the expected rate of return is 5 percent; and
- Retirement age is 65.

Pension fund assets are valued at market values. The result of the 2023 valuation is as follows:

Market value of the pension plan asset	\$ 134,826
Accrued benefit obligation	<u>-</u>
Pension plan deficit	<u>\$ 134,826</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

15. Deferred revenue

Deferred revenue is comprised of deferred Canada Community Building Fund (CCBF) revenue and safe restart funding received for COVID-19 relief. These are reported on the consolidated statement of financial position as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 2,763,584	\$ 2,368,062
Revenue		
CCBF grants received	443,558	869,393
Expenditure		
CCBF grants spent/allocated	(250,463)	(251,109)
Federal safe restart funding	<u>-</u>	<u>(222,762)</u>
	<u>\$ 2,956,679</u>	<u>\$ 2,763,584</u>

Deferred CCBF revenue includes CCBF funding received but not spent in accordance with *PS 3410 – Government Transfers*, which the Municipality applied prospectively beginning April 1, 2012. Since PS 3410 was applied prospectively, any CCBF funding received prior to April 1, 2012 remains in the Municipality's accumulated surplus, regardless if it has been spent or not. CCBF funding is required to be spent on certain eligible projects in accordance with the Canada-Nova Scotia Federal Canada Community Building Fund agreement.

16. Trust funds

The Trust Funds being administered by the Municipality of the County of Victoria (Alderwood Corporation) are not consolidated with the accounts of the Municipality. At March 31, 2023, the equity in Trust Funds under its trusteeship amounted to \$75,038 (2022 - \$86,818).

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

17. 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 debt has been adjusted to be on a consistent basis as actual results. The adjustments below include netting school board appropriations against tax revenues, reclassification of revenues and expenses amongst categories, and the elimination of revenues and expenses between the Municipality and its consolidated entities. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the consolidated financial statement:

	Approved Fiscal Plan	Adjustments	Fiscal Plan Per Consolidated Financial Statements
Revenue			
Municipal taxation	\$ 10,327,600	\$ (2,497,500)	\$ 7,830,100
Grants in lieu of taxes	2,280,600	-	2,280,600
Government grants and contributions	1,176,176	-	1,176,176
User charges and water rates	667,000	-	667,000
Other revenue	275,829	(275,829)	-
Collections for other governments	391,454	-	391,454
DHW	8,213,158	-	8,213,158
Sale of services	1,392,201	-	1,392,201
Interest revenue	11,000	-	11,000
	<u>24,735,018</u>	<u>(2,773,329)</u>	<u>21,961,689</u>
Expenses			
General government services	\$ 3,931,100	-	3,931,100
Protective services	3,539,295	(275,829)	3,263,466
Transportation services	743,100	-	743,100
Environmental health services	2,783,400	-	2,783,400
Economic developmental services	226,000	-	226,000
Public health and welfare services	70,700	-	70,700
Housing operations	7,637,656	-	7,637,656
Recreational and cultural services	3,051,400	(2,497,500)	553,900
Water treatment and distribution	868,100	-	868,100
Transfers to other governments	30,500	33,100	63,600
Fiscal services	-	-	-
	<u>22,881,251</u>	<u>(2,740,229)</u>	<u>20,141,022</u>
Annual surplus	<u>\$ 1,853,767</u>	<u>\$ (33,100)</u>	<u>\$ 1,820,667</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2023

18. Operating line of credit

Alderwood Corporation

As part of the Home's banking agreement with the East Coast Credit Union, they have access to a \$350,000 line of credit bearing interest at prime. As at March 31, 2023, there were no funds drawn on this account.

Highland Manor Municipal Housing Corporation

\$100,000 line of credit, with the Bank of Nova Scotia is repayable on a demand basis. Security is a general security agreement over all present and future personal property of the Manor. Interest is charged at a rate of prime plus 1%. As at March 31, 2023, there was \$ nil drawn on this account.

19. 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 live ranging from 3 to 58 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	223,755	-
Settlement	-	-
Accretion expense	<u>14,927</u>	<u>-</u>
Closing balance	<u>\$ 238,682</u>	<u>\$ -</u>

Municipality of the County of Victoria

Schedule of tangible capital assets

March 31, 2023

Tangible capital assets

	Land & land Improvements	Buildings & Structures	Parking Area	C&D Landfill Site	Equipment		Water Delivery Lines
					Pumping & Purification	Machinery	
Cost:							
Balance, beginning of year	\$ 936,537	\$ 29,893,004	\$ 91,300	\$ 566,683	\$ 613,414	\$ 3,792,503	\$ 8,235,649
Net additions	64,241	1,185,770	-	165	-	90,373	
Less: Disposals	-	-	-	-	-	-	-
Balance, end of year	<u>\$1,000,778</u>	<u>\$ 31,078,774</u>	<u>\$ 91,300</u>	<u>\$ 566,848</u>	<u>\$ 613,414</u>	<u>\$ 3,882,876</u>	<u>\$ 8,235,649</u>
Accumulated amortization:							
Balance, beginning of year	\$ -	\$ 11,669,498	\$ 54,176	\$ 248,638	\$ 392,211	\$ 3,252,986	\$ 1,204,443
Amortization for the year	-	727,578	3,712	31,804	2,390	140,756	63,550
Less: Accumulated depreciation on disposal	-	-	-	-	-	-	-
Balance, end of year	-	<u>12,397,076</u>	<u>57,888</u>	<u>280,442</u>	<u>394,601</u>	<u>3,393,742</u>	<u>1,267,993</u>
Net book value of tangible capital assets	<u>\$1,000,778</u>	<u>\$ 18,681,698</u>	<u>\$ 33,412</u>	<u>\$ 286,406</u>	<u>\$ 218,813</u>	<u>\$ 489,134</u>	<u>\$ 6,967,656</u>

Municipality of the County of Victoria

Schedule of tangible capital assets

March 31, 2023

Tangible capital assets (continued)

	Meters & Hydrants	Vehicles	Information Technology	Total 2023	Total 2022
Cost:					
Balance, beginning of year	\$ 179,555	\$ 1,961,389	\$ 130,419	\$ 46,400,453	\$ 44,553,328
Net additions	-	115,152	-	1,455,701	1,847,125
Less: Disposals	-	-	-	-	-
Balance, end of year	<u>\$ 179,555</u>	<u>\$ 1,076,541</u>	<u>\$ 130,419</u>	<u>\$ 47,856,154</u>	<u>\$ 46,400,453</u>
Accumulated amortization:					
Balance, beginning of year	\$ 144,741	\$ 1,046,044	\$ 119,082	\$ 18,131,819	\$ 17,010,051
Amortization for the year	15,057	73,688	5,010	1,063,545	1,121,768
Less: Accumulated depreciation on disposal	-	-	-	-	-
Balance, end of year	<u>159,798</u>	<u>1,119,732</u>	<u>124,092</u>	<u>19,195,364</u>	<u>18,131,819</u>
Net book value of tangible capital assets	<u>\$ 19,757</u>	<u>\$ 956,809</u>	<u>\$ 6,327</u>	<u>\$ 28,660,790</u>	<u>\$ 28,268,634</u>