

RURAL MUNICIPALITY OF BELFAST
Financial Statements
March 31, 2024

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March 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Rural Municipality of Belfast are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management judgement, particularly when transactions affecting the current period cannot be finalized with a certainty until future periods.

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

Mayor and Council meet 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 MRSB Chartered Professional Accountants Inc., independent external auditors appointed by the Rural Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Rural Municipality of Belfast:

Mayor

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of Rural Municipality of Belfast

Opinion

We have audited the financial statements of Rural Municipality of Belfast (the organization), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities 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. 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 financial statements.

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Independent Auditor's Report to the To the Mayor and Councillors of Rural Municipality of Belfast
(continued)

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 organization'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 organization'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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

MRSB Chartered Professional Accountants Inc.

MRSB CHARTERED PROFESSIONAL ACCOUNTANTS INC.

Charlottetown, PE

October 16, 2024

RURAL MUNICIPALITY OF BELFAST
Statement of Financial Position
March 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents		
Unrestricted cash	\$ 119,006	\$ 150,138
Restricted cash	178,778	95,927
Accounts receivable (Note 3)	5,846	3,060
	303,630	249,125
LIABILITIES		
Accounts payable and accrued liabilities	12,184	9,128
Deferred revenue (Note 4)	143,374	96,243
	155,558	105,371
Net financial assets (Statement 3)	148,072	143,754
NON-FINANCIAL ASSETS		
Prepaid expense	1,905	1,810
Tangible capital assets (Schedule 1)	11,332	6,643
Intangible asset	32,977	32,977
	46,214	41,430
Accumulated surplus	\$ 194,286	\$ 185,184
Lease commitments (Note 5)		

On behalf of Council

_____ Mayor

Notes 1 to 11 are an integral part of these financial statements

RURAL MUNICIPALITY OF BELFAST
Statement of Operations and Accumulated Surplus
Year Ended March 31, 2024

	Budget 2024	Total 2024	Total 2023
Revenues			
Property tax	\$ 301,315	\$ 308,935	\$ 302,545
Government transfers for operations (Note 7)	157,208	110,335	39,449
Recreation grant	8,500	8,500	8,500
Miscellaneous	2,000	12,239	1,116
Interest	-	2,921	782
	469,023	442,930	352,392
Expenditures			
Administration			
Advertising	1,684	1,751	1,403
Amortization of tangible capital assets	1,000	2,340	1,260
Audit, financial, and bank fees	3,878	3,053	2,826
Council honorariums	9,560	9,610	9,146
Events	5,372	2,003	353
Insurance	8,837	8,458	8,641
Membership fees	4,455	5,635	4,192
Miscellaneous	500	5,405	21
Office	18,967	16,642	19,293
Official plan	9,950	-	7,101
Travel	1,500	1,531	1,262
Wages and wage levies	63,349	90,402	57,332
Community Grants			
Belfast Area Watershed Group	5,500	11,863	4,100
Belfast Days	3,500	3,500	3,000
Belfast Historical Society	4,000	4,000	3,700
Belfast Minor Hockey Association	3,000	3,000	5,500
Belfast Recreation Centre	38,100	38,100	26,500
Community Pantry	2,300	2,300	-
Pinette Raceway	2,000	2,000	2,000
Point Prim Lighthouse Society	3,000	3,000	3,000
Small grants	3,700	3,700	3,600
Wood Islands Area Development Corp	10,000	10,000	9,600
Wood islands Area Development Corp (lighthouse)	3,000	3,000	3,000
Other			
Belfast Rink	8,500	8,500	8,500
Canada Community Building Fund projects	157,208	83,762	39,449
Contingency and safe restart	1,000	273	369
Fire protection	110,000	110,000	100,000
	483,860	433,828	325,148
Operating surplus (deficit)	(14,837)	9,102	27,244
Other revenues			
Government transfers for capital (Note 8)	-	-	21,154
Annual Surplus (deficit)	(14,837)	9,102	48,398
Accumulated surplus - beginning of year	185,184	185,184	136,786
Accumulated surplus - end of year	\$ 170,347	\$ 194,286	\$ 185,184

Notes 1 to 11 are an integral part of these financial statements

RURAL MUNICIPALITY OF BELFAST
Statement of Changes in Net Financial Assets
Year Ended March 31, 2024

	Budget 2024	Actual 2024	Actual 2023
Annual surplus (deficit)	\$ (14,837)	\$ 9,102	\$ 48,398
Amortization of tangible capital assets	1,000	2,340	1,260
Purchase of tangible capital assets	-	(7,029)	(1,335)
Purchase of intangible assets	-	-	(20,012)
Decrease (increase) in prepaid expense	-	(95)	(93)
	1,000	(4,784)	(20,180)
Increase (decrease) in net financial assets	(13,837)	4,318	28,218
Net financial assets - beginning of year	143,754	143,754	115,536
Net financial assets - end of year	\$ 129,917	\$ 148,072	\$ 143,754

Notes 1 to 11 are an integral part of these financial statements

RURAL MUNICIPALITY OF BELFAST

Statement of Cash Flows

Year Ended March 31, 2024

	2024	2023
Cash flows from operating activities		
Annual surplus	\$ 9,102	\$ 48,398
Item not affecting cash:		
Amortization of tangible capital assets	2,340	1,260
	<u>11,442</u>	<u>49,658</u>
Changes in non-cash working capital:		
Accounts receivable	(2,786)	(648)
Prepaid expense	(95)	(93)
Accounts payable and accrued liabilities	3,056	(26,506)
Deferred revenue	47,131	13,301
	<u>47,306</u>	<u>(13,946)</u>
	<u>58,748</u>	<u>35,712</u>
Cash flows from investing activities		
Amortization of tangible capital assets	(7,029)	(1,335)
Purchase of intangible assets	-	(20,011)
	<u>(7,029)</u>	<u>(21,346)</u>
Increase in cash	51,719	14,366
Cash - beginning of year	246,065	231,699
Cash - end of year	\$ 297,784	\$ 246,065
Cash consists of:		
Unrestricted cash	\$ 119,006	\$ 150,138
Restricted cash	178,778	95,927
	<u>\$ 297,784</u>	<u>\$ 246,065</u>

Notes 1 to 11 are an integral part of these financial statements

RURAL MUNICIPALITY OF BELFAST

Notes to Financial Statements

Year Ended March 31, 2024

1. DESCRIPTION OF BUSINESS

The Rural Municipality of Belfast was incorporated under the the Municipalities Act of Prince Edward Island. The Rural Municipality is a non-profit organization under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Rural Municipality of Belfast are the representations of management prepared in accordance with Canadian Accounting Standards for the Public Sector.

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs and in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the year when the related expenditures are incurred, services are performed or the tangible capital assets are acquired.

Cash

Cash is comprised of unrestricted and restricted balances on deposits with banks.

Accounts receivable

Accounts receivable arise from miscellaneous receivable and Harmonized Sales Tax receivable. An allowance for bad debts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed uncollectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer hardware	30% declining balance method
Furniture and equipment	10% straight-line method

One-half of the annual rate is recorded in the year of acquisition; no amortization is recorded in the year of disposal.

All tangible capital assets that have a useful life greater than one year and are in excess of \$1,000 are capitalized.

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RURAL MUNICIPALITY OF BELFAST
Notes to Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

The official plan is stated at cost and amortization will commence once completed.

Impairment of long lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Asset retirement obligation

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations. As at March 31, 2024, no asset retirement obligations have been identified by management.

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 change in net financial assets for the year.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future or the result of a direct financial return.

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

Revenue recognition

Property tax billings are based on the assessed value of real property in the Municipality and are payable in each calendar year. Tax rates are reviewed, established, and approved annually by Council. These revenues are recognized when monthly billings come due.

Revenue from transactions with performance obligations are recognized when (or as) the municipality satisfies a performance obligation. Revenue from transactions with no performance obligations are recognized when the municipality has the authority to claim or retain an inflow of economic resources and a past transaction has given rise to an asset.

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RURAL MUNICIPALITY OF BELFAST
Notes to Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

Use of estimates

The presentation of the financial statements in conformity with Canadian Accounting Standards for the Public Sector requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The following are areas in which management makes significant accounting estimates:

- The amounts recorded for amortization of tangible capital assets on the statement of operations is subject to management's assessment of the estimated useful life of the Rural Municipality's tangible capital assets; and
- The recognized amounts of potential claims and liabilities depend on management's assessment of future costs and the probability these events will occur.

3. ACCOUNTS RECEIVABLE

	2024	2023
HST receivable	\$ 5,826	\$ 3,040
Miscellaneous receivables	20	20
	\$ 5,846	\$ 3,060

4. DEFERRED REVENUE

The Rural Municipality has approved funding under the Canada Community Building Fund. These funds, along with interest earned, must be used for eligible infrastructure and capacity building projects. Any funds received under this program, including interest earned, but not yet spent are recognized as deferred revenue at the end of the year.

During the year, the Municipality received Canada Community Building Funding of \$80,174 (2023 - \$72,943), incurred eligible expenditures of \$34,073 (2023 - \$60,603) and earned interest of \$1,787 (2023 - \$960).

	2024	2023
Canada Community Building Fund	\$ 143,374	\$ 96,243

RURAL MUNICIPALITY OF BELFAST
Notes to Financial Statements
Year Ended March 31, 2024

5. LEASE COMMITMENTS

The Municipality has entered into a lease agreement with the Wood Islands and Area Development Corporation for the lease of office space until December 31, 2026. The minimum lease payments due over the next three years are as follows:

2025	\$	11,040
2026		11,040
2027		8,280

6. ACCUMULATED SURPLUS

	2024	2023
Building reserve	\$ 52,677	\$ 52,677
Unrestricted surplus	97,300	92,887
Investment in tangible capital assets (schedule 1)	11,332	6,643
Investment in intangible assets	32,977	32,977
	\$ 194,286	\$ 185,184

7. GOVERNMENT TRANSFERS FOR OPERATIONS

	2024	2023
Atlantic Canada Opportunities Agency	\$ 75,386	\$ -
Canada Community Building Fund	34,949	39,449
	\$ 110,335	\$ 39,449

8. GOVERNMENT TRANSFERS FOR CAPITAL

	2024	2023
Canada Community Building Fund	\$ -	\$ 21,154
Safe Restart program	-	-
Municipal Capital Expenditure Grant	-	-
	\$ -	\$ 21,154

9. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities.

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2024.

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RURAL MUNICIPALITY OF BELFAST
Notes to Financial Statements
Year Ended March 31, 2024

9. FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Rural Municipality is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Rural Municipality has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of its receipt of government funding and accounts payable and accruals.

10. SEGMENT DISCLOSURE

The Municipality is a diversified municipal unit that provides a wide range of services to its citizens. For management reporting purposes the Municipality's operations and activities are organized and reported by segment. The major segment is as follows:

General Government

This segment is responsible for the overall financial and local government administration. Its tasks include, but are not limited to, daily accounting functions, preparation and coordination of annual financial statements, development of the annual budget, maintenance of bylaws and policies, and administration of Municipal services.

11. BUDGET

Budget figures were not subject to review or audit by an external accountant, and are presented for information purposes only.

RURAL MUNICIPALITY OF BELFAST
Schedule to Financial Statements
Tangible Capital Assets
Year Ended March 31, 2024

(Schedule 1)

	Cost beginning of year	Additions	Disposals and write downs	Cost end of year	Accum amort beginning of year	Amort in the year	Disposals and write downs	Accum amort end of year	Net book value
2024									
Computer hardware	\$ 3,951	\$ 7,029	\$ -	\$ 10,980	\$ 1,928	\$ 1,661	\$ -	\$ 3,589	\$ 7,391
Furniture and equipment	6,790	-	-	6,790	2,170	679	-	2,849	3,941
	<u>\$ 10,741</u>	<u>\$ 7,029</u>	<u>\$ -</u>	<u>\$ 17,770</u>	<u>\$ 4,098</u>	<u>\$ 2,340</u>	<u>\$ -</u>	<u>\$ 6,438</u>	<u>\$ 11,332</u>
2023									
Computer hardware	\$ 2,616	\$ 1,335	\$ -	\$ 3,951	\$ 1,347	\$ 581	\$ -	\$ 1,928	\$ 2,023
Furniture and equipment	6,790	-	-	6,790	1,491	679	-	2,170	4,620
	<u>\$ 9,406</u>	<u>\$ 1,335</u>	<u>\$ -</u>	<u>\$ 10,741</u>	<u>\$ 2,838</u>	<u>\$ 1,260</u>	<u>\$ -</u>	<u>\$ 4,098</u>	<u>\$ 6,643</u>

Notes 1 - 11 are an integral part of these financial statements