

TOWN OF MULGRAVE

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023



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Town of Mulgrave
Consolidated Financial Statements
March 31, 2023

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 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

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

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

On behalf of the Town of Mulgrave



Chief Administration Officer

June 19, 2023

Independent auditor's report

His Worship the Mayor and Members
of the Council of the Town of Mulgrave

Opinion

We have audited the consolidated financial statements of Town of Mulgrave ("the Entity") on pages 4-17, which comprise the consolidated statement of financial position as at March 31, 2023 and the consolidated statements of operations, change 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, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Town of Mulgrave 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 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 Entity 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 – Supplementary Financial Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the schedules on pages 18 to 26 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Membertou, Canada
June 19, 2023

Grant Thornton LLP
Chartered Professional Accountants

**Town of Mulgrave
Consolidated Statement of Financial Activities**

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Year Ended March 31		2023	2023	2022
	<u>Page</u>	<u>Budget</u> <u>(Note 17)</u>	<u>Actual</u>	<u>Actual</u>
Revenue				
Taxes	18	\$ 1,642,818	\$ 1,654,138	\$ 1,616,458
Payments in lieu of taxes	18	13,035	11,911	13,565
Other revenue from own sources	18	233,359	394,881	344,963
Unconditional transfers from other governments	19	135,406	135,607	264,638
Conditional transfers from other governments	19	69,081	433,747	221,808
Water rates	22	516,300	498,428	516,529
		<u>2,609,999</u>	<u>3,128,712</u>	<u>2,977,961</u>
Expenditures				
General government services	19	818,374	839,281	773,066
Protective services	20	301,859	306,375	251,655
Transportation services	20	505,674	514,235	512,743
Environmental health services	20-21	315,367	326,893	287,738
Recreation and cultural services	21	246,485	241,641	185,000
Water utility	22	570,704	535,333	523,281
		<u>2,758,463</u>	<u>2,763,758</u>	<u>2,533,483</u>
Annual Surplus		<u>(148,464)</u>	<u>364,954</u>	<u>444,478</u>
Accumulated surplus, beginning of year			\$ 9,237,259	8,792,781
Accumulated surplus, end of year			<u>\$ 9,602,213</u>	<u>\$ 9,237,259</u>


See accompanying notes to the consolidated financial statements

**Town of Mulgrave
Consolidated Statement of Financial Position**

March 31	2023	2022
Financial Assets		
Cash and cash equivalents	\$ 2,789,378	\$ 2,711,513
Receivables (Note 4)	664,494	471,245
	<u>3,453,872</u>	<u>3,182,758</u>
Financial Liabilities		
Payables and accruals	396,719	283,991
Deferred revenue	424,098	93,115
Long term debt (Note 7)	1,356,869	1,457,402
Asset retirement obligation (Note 8)	779,948	-
	<u>2,957,634</u>	<u>1,834,508</u>
Net Financial Assets	<u>496,238</u>	<u>1,348,250</u>
Non-financial Assets		
Capital assets (Note 5)	9,055,693	7,848,906
Unamortized debenture discount	8,347	8,989
Inventory not held for resale	12,453	9,176
Prepaid expenses	29,482	21,938
	<u>9,105,975</u>	<u>7,889,009</u>
Accumulated Surplus	<u>\$ 9,602,213</u>	<u>\$ 9,237,259</u>

Contingencies (Note 14)

On behalf of the Town



Mayor



CAO

See accompanying notes to the consolidated financial statements

**Town of Mulgrave
Consolidated Statement of Changes in Net Financial Assets**

Year Ended March 31	2023 <u>Budget</u>	2023 <u>Actual</u>	2022 <u>Actual</u>
Annual surplus	\$ (148,464)	\$ 364,954	\$ 444,478
Acquisition of capital assets	(822,292)	(767,826)	(347,670)
Accretion expense	-	25,583	-
Amortization of capital assets	285,129	315,404	262,369
Asset retirement obligation	-	(779,948)	-
Payment of debenture discount	-	642	690
(Gain) loss on sale of asset	-	-	(12,002)
Proceeds from sale of capital assets	-	-	12,002
Acquisition/consumption of supply inventory	-	(3,277)	761
Change in prepaid expenses	-	(7,544)	(4,759)
Change in net financial assets	\$ (685,627)	(852,012)	355,869
Net financial assets			
Beginning of year		1,348,250	992,381
End of year		\$ 496,238	\$ 1,348,250

See accompanying notes to the consolidated financial statements

Town of Mulgrave
Consolidated Statement of Changes in Financial Position

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Year Ended March 31	2023	2022
	<u>Actual</u>	<u>Actual</u>
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 364,954	\$ 444,478
Amortization of capital assets	315,404	262,369
Amortization of debenture discount	642	690
Accretion expense	25,583	-
(Gain) loss on sale of capital assets	-	(12,002)
Change in non-cash assets and liabilities		
Decrease (increase) in		
Receivables	(193,249)	(113,181)
Prepaid expenses	(7,544)	(4,759)
Increase (decrease) in		
Payables and accruals	112,728	3,136
Inventory	(3,277)	761
Deferred revenue	330,983	39,926
	<u>946,224</u>	<u>621,418</u>
Investing activities		
Acquisition of capital assets	(767,826)	(347,670)
Proceeds from sale of capital asset	-	12,002
	<u>(767,826)</u>	<u>(335,668)</u>
Financing activities		
Repayment of long term debt	(100,533)	(104,453)
Net increase in cash and cash equivalents	77,865	181,297
Cash and cash equivalents,		
Beginning of year	<u>2,711,513</u>	<u>2,530,216</u>
End of year	<u>\$ 2,789,378</u>	<u>\$ 2,711,513</u>

See accompanying notes to the consolidated financial statements

1. Change in accounting policy

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

The Town recognized an 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 Town. These buildings have expected useful lives ranging from 5 to 30 years. As of the date of adoption of the standard, the relevant discount rates on tangible capital assets held range from 3.3% to 3.4% per annum.

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

- a) An asset retirement obligation in the amount of \$754,365, representing the original \$1,967,869 obligation discounted to the present value using discount rates ranging from 3.3% to 3.4% per annum.
- b) An increase to tangible capital assets, representing the original estimate of the obligation as at the date of transition.

2. Significant accounting policies

The consolidated financial statements of the Town of Mulgrave (the "Town") have been prepared by management in accordance with Canadian Public Sector Accounting Standards, as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants (CPA) Canada.

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

a) 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 Town, and which are owned or controlled by the Town. This includes the Town of Mulgrave and the Mulgrave Water Utility.

Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of accounting

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

c) Fund accounting

Funds within the consolidated financial statements consist of operating, capital and reserve funds of both the general operations and the Mulgrave Water Utility.

2. Significant accounting policies (continued)

d) Use of estimates

In preparing the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period.

Additionally, the Town's implementation of PS 3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

e) Valuation allowance

Uncollected taxes and rates

The Town provides a valuation allowance for estimated losses that will be incurred in collecting outstanding receivables.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, and highly liquid temporary money instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

g) Financial instruments

The Town's financial instruments include cash and cash equivalents, receivables, payables and accruals, short term debt and long term debt. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these instruments approximate their carry value.

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 associated with the remediation of contaminants present within the buildings owned by the Town has been recognized based on the estimated future expenses on closure of the sites and post-closure care.

The liability is discounted using the present value calculation and adjusted annually for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital asset. The increase to tangible capital assets is being amortized in accordance with the amortization accounting policies described below.

1. Significant accounting policies (continued)

i) Revenue recognition

The accrual basis of accounting is used for all revenues. The accrual basis of accounting recognizes revenues as they are earned and measurable and ultimate collection is reasonably assured.

i) Taxation and related revenue

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 Town Council during the budget approval process. Tax adjustments as a result of appeals and roll revisions are recorded when official notification is received.

ii) Government transfers

Transfers from other governments are recognized in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until the conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfers are authorized by the other governments.

iii) Other revenues

Other revenues are recognized as services or goods are provided, the exchange amount is measurable and collectibility of the amount is reasonably assured.

j) Tangible capital assets

Tangible capital assets and projects in progress are recorded at cost less accumulated amortization and impairment. Interest incurred during construction on significant projects is recorded as part of the cost of the project asset.

Amortization of general assets is recorded in the financial statements on a straight line basis over an asset's estimated useful life as noted below. Amortization is not recorded on work in progress until put in use by the Town.

Wastewater lines	50
Buildings	40
Roads and streets	25
Land improvements	20
Wastewater treatment facilities	20
Heavy equipment	10
Vehicles	5
Machinery and equipment	5

Amortization of capital assets used by the Mulgrave Water Utility is recorded as prescribed by the Nova Scotia Utility and Review Board and must be funded with financial assets.

2. Significant accounting policies (continued)

k) Budget figures

The budget figured contained in these consolidated financial statements were approved by council on June 6, 2022 in its original plan. Note 17 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

3. Contributions to Boards, Regional Authorities and Other Agencies

The Town of Mulgrave is required to finance the operations of various Boards, Regional Authorities and other Agencies, along with other municipal units based on formulae contained in agreements, legislation or regulation.

In addition, the Town shares in the deficits or surpluses of some of these organizations based upon the relevant cost sharing percentage.

Strait Regional School Board

During 2022-2023, the Town paid \$130,649 (2022 - \$132,900) as its share of the operations of the Strait Regional School Board, serving the counties of Antigonish, Guysborough, Inverness and Richmond.

Eastern Mainland Regional Housing Authority

An estimated amount of \$30,000 (2022 - \$35,601) was provided as at March 31, 2023 as the Town's share of the operating deficit of the Eastern Mainland Housing Authority for the year ended March 31, 2023, serving Antigonish, Guysborough and Pictou counties.

Eastern Counties Regional Library Board

During 2022-2023 the Town paid \$6,200 (2022 - \$5,222) as its share of the operations of the Eastern Counties Regional Library Board, serving counties Antigonish, Guysborough, Inverness, and Richmond.

4. Receivables

	<u>Current</u>	<u>Prior</u>	<u>2023</u>	<u>2022</u>
	<u>Year</u>	<u>Years</u>	<u>Total</u>	<u>Total</u>
Taxes				
Balance, beginning of year	\$ -	\$ 349,190	\$ 349,190	\$ 277,738
Current year levy and interest	<u>1,808,662</u>	<u>-</u>	<u>1,808,662</u>	<u>1,786,066</u>
	1,808,662	349,190	2,157,852	2,063,804
Current year collections	<u>1,646,518</u>	<u>104,799</u>	<u>1,751,317</u>	<u>1,714,614</u>
	162,144	244,391	406,535	349,190
Valuation allowance			<u>(32,995)</u>	<u>(28,027)</u>
Balance, end of year			373,540	321,163
Water rates			78,738	86,121
Federal Government			106,484	40,083
Provincial Government			98,981	7,108
Other			<u>6,751</u>	<u>16,770</u>
			<u>\$ 664,494</u>	<u>\$ 471,245</u>

Town of Mulgrave
Notes to the Consolidated Financial Statements
March 31, 2023

5. Capital Assets

	Cost 2022	Asset Retirement Obligation	Additions	Disposals	Cost 2023	Accumulated Amortization 2022	Disposals & Adjustments	Amortization Expense	Accumulated Amortization 2023	Net Book Value 2023	Net Book Value 2022
General government services											
Land	\$ 284,352	\$ -	\$ -	\$ -	\$ 284,352	\$ -	-	\$ -	\$ -	\$ 284,352	\$ 284,352
Buildings	239,795	697,337	5,619	-	942,751	35,293	-	30,569	65,862	876,889	204,502
Equipment	145,852	-	-	-	145,852	141,037	-	963	142,000	3,852	4,815
Protective services											
Buildings	357,714	57,028	5,182	-	419,904	310,070	-	14,646	324,716	95,188	47,844
Heavy equipment	359,921	-	-	-	359,921	250,421	-	10,950	261,371	98,550	109,500
Vehicles	27,283	-	-	-	27,283	27,283	-	-	27,283	-	-
Equipment	79,549	-	67,172	-	146,721	58,104	-	5,362	63,466	83,255	21,445
Transportation services											
Roads, street and sidewalks	2,961,155	-	307,822	-	2,968,777	1,931,012	-	67,753	1,998,765	970,012	730,143
Buildings	178,054	-	-	-	178,054	119,512	-	3,449	122,961	53,093	56,542
Heavy equipment	537,183	-	-	-	537,183	371,741	-	38,018	409,759	127,424	165,442
Vehicles	28,959	-	-	-	28,959	28,959	-	-	28,959	-	-
Equipment	55,534	-	46,666	-	102,220	51,381	-	831	52,212	50,008	4,153
Environmental health services											
Wastewater treatment plant	1,258,154	-	309,125	-	1,567,279	866,629	-	28,657	895,286	671,993	391,525
Wastewater collection lines	2,389,952	-	-	-	2,389,952	1,366,049	-	36,284	1,402,333	987,619	1,023,903
Solid waste collection equipment	7,740	-	-	-	7,740	930	-	155	1,085	6,655	6,810
Recreation and cultural services											
Land improvements	418,947	-	-	-	418,947	408,299	-	682	408,981	9,966	10,646
Facilities	178,293	-	-	-	178,293	125,449	-	4,627	130,076	48,217	52,844
Equipment	99,307	-	17,704	-	117,011	51,084	-	9,397	60,481	56,530	48,223
Property acquired at tax sale	4,448	-	-	-	4,448	-	-	-	-	4,448	4,448
	<u>9,310,192</u>	<u>754,365</u>	<u>759,090</u>	<u>-</u>	<u>10,823,647</u>	<u>6,143,253</u>	<u>-</u>	<u>252,343</u>	<u>6,395,596</u>	<u>4,428,051</u>	<u>3,166,939</u>
Water utility											
Land and land rights	9,984	-	-	-	9,984	-	-	-	-	9,984	9,984
Structures and improvements	75,888	-	-	-	75,888	34,424	-	1,214	35,638	40,250	41,464
Equipment	76,599	-	8,736	-	85,305	32,161	-	5,840	38,001	47,304	44,408
Mains	750,022	-	-	-	750,022	224,193	-	9,975	234,168	515,854	525,829
Treatment plant	26,082	-	-	-	26,082	18,257	-	1,304	19,561	6,521	7,824
Rate study	9,996	-	-	-	9,996	9,996	-	-	9,996	-	-
Services	20,303	-	-	-	20,303	5,684	-	406	6,090	14,213	14,819
Meters	35,912	-	-	-	35,912	14,506	-	1,795	16,301	19,611	21,406
Hydrants	33,684	-	-	-	33,684	17,202	-	448	17,650	16,034	16,482
Computer	13,516	-	-	-	13,516	13,516	-	-	13,516	-	-
Other	8,029	-	-	-	8,029	7,083	-	160	7,243	786	946
Vehicles	28,139	-	-	-	28,139	28,139	-	-	28,139	-	-
Meadow Brook Hill Treatment Plant	4,191,973	-	-	-	4,191,973	192,969	-	41,919	234,888	3,957,085	3,999,004
	<u>5,280,097</u>	<u>-</u>	<u>8,736</u>	<u>-</u>	<u>5,288,833</u>	<u>598,130</u>	<u>-</u>	<u>63,081</u>	<u>661,191</u>	<u>4,627,642</u>	<u>4,681,986</u>
Total	\$ 14,590,289	754,365	\$ 787,826	-	\$ 16,112,480	\$ 6,741,383	-	\$ 315,404	\$ 7,056,787	\$ 6,055,693	\$ 7,848,905

Town of Mulgrave
Notes to the Consolidated Financial Statements
March 31, 2023

6. Bank indebtedness

The Town has an authorized borrowing limit with a Canadian financial institution of up to 50% of the previous year's tax levy and has an interest rate of prime. The borrowing limit available to the Town for 2022-23 was \$420,000. As at March 31, 2023 the balance outstanding was \$ nil (2022 - \$ nil).

7. Long term debt

	<u>2023</u>	<u>2022</u>
MFC 2.330% - 3.205% debenture maturing in 2030, repayable in equal annual principal instalments of \$8,433, interest payable semi-annually.	\$ 67,469	75,902
MFC 2.218% - 2.925% debenture maturing in 2031, repayable in equal annual principal instalments of \$12,100, interest payable semi-annually.	169,400	181,500
MFC 1.854% - 3.108% debenture maturing in 2031, repayable in equal annual principal instalments of \$80,000, interest payable semi-annually.	<u>1,120,000</u>	<u>1,200,000</u>
	<u>\$ 1,356,869</u>	<u>\$ 1,457,402</u>

Principal repayments over the next five years are as follows:

2024	\$ 100,533
2025	100,533
2026	100,533
2027	100,533
2028	100,533

8. Asset retirement obligation

The Town's asset retirement obligation consists of the liability for the closure and remediation of contaminants present within the 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. Following the adoption of PS 3280 - Asset retirement obligations, the Town recognized an obligation relating to this decommissioning and remediation of contaminants as estimated as at April 1, 2022. These buildings have expected useful lives ranging from 5 to 30 years. Estimated costs have been discounted to the present value using discount rates ranging from 3.3% to 3.4% per annum.

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

	<u>2023</u>	<u>2022</u>
Opening balance	\$ -	\$ -
Liability recognized on adoption of PS 3280	754,365	-
Settlement	-	-
Accretion expense	<u>25,583</u>	<u>-</u>
Closing balance	<u>\$ 779,948</u>	<u>\$ -</u>

Town of Mulgrave
Notes to the Consolidated Financial Statements
March 31, 2023

9. Remuneration

The total remuneration paid to members of Council and Chief Administrative Officers are as follows:

	<u>Remuneration</u>	<u>Expenses</u>
Council		
Bob Russell	7,789	-
Tanya Snow	4,695	44
Ron Chisholm	12,806	414
Krista Luddington	7,576	-
Crystal Durling	1,174	-
Chief Administrative Officer		
David Gray	76,958	-

10. Rate of return on rate base

For the year ended March 31, 2023, the Mulgrave Water Utility had a rate of return on rate base of 3.26% (2022 - 4.58%).

11. Pension plan

The Town provides its employees with a defined contribution pension plan. As of March 31, 2023 there were no required future contributions in respect of past service and all contributions required under the plan have been funded. During the fiscal year, the Town contributed \$28,472 (2022 - \$26,768) to the plan.

12. Segmented information

The Town of Mulgrave is a municipal unit that provides a wide range of services to its residents and property owners. The Town's operations and activities are organized and reported by fund for the purpose of recording specific activities to meet objectives as outlined by legislation, regulations, by-laws, or other limitations and restrictions. Services are provided in the following categories:

General government services

This includes the legislative function of Town Council which provides direction through by-laws, policies and strategic planning. It also encompasses the administrative functions of the Town including organizational management, finance, accounting, tax billing and collections

Protective services

The Town acquires police services from the RCMP through an agreement with the Province of Nova Scotia and pays the province for correctional services. Fire protection is provided by the Mulgrave Volunteer Fire Department. The Town pays the operating expenses of the Department.

12. Segmented information (continued)

Transportation services

The Town owns and maintains all public roads, street and sidewalks in the community, including snow removal and streetlights.

Environmental health services

The Town provides both sanitary and storm wastewater management and treatment. Solid waste collection and disposal is provided in conjunction with the Municipality of the District of Guysborough.

Public health services

The Town contributes to public housing through the Eastern Mainland Housing Authority.

Recreation and cultural services

The Town has a number of recreational facilities and offers programming in conjunction with other community organizations. Staff assists in planning of community festivals and events.

Mulgrave Water Utility

The utility sources, treats and distributes potable water to the community and provides flows to assist with fire protection.

13. Dissolution

The Town submitted an application in October of 2015 to the Nova Scotia Utility and Review Board to dissolve under Section 394 of the *Municipal Government Act*. During the year, that application was withdrawn after the Province of Nova Scotia and the Municipality of the District of Guysborough were unable to negotiate an agreed upon Letter of Intent. The Town will continue to review options for its future governance.

14. Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into the 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 all the following criteria are met:

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

As at March 31, 2023, there are no known contaminated sites identified.

15. Sick Leave

The Town provides sick leave benefits to its employees. Public sector accounting standards require a liability and expense for compensated absences that vest, or accumulate and do not vest. Employees of the Town are entitled to 18 days sick leave annually which can accumulate to a total of 95 days. Accumulated sick days cannot be cashed out. The Town has not had the liability calculated by an actuary, but has made its own estimate of \$24,420 (2022 - \$22,588) which is reflective of the expected cash expense expected to be incurred in the event an employee needs to be replaced during an extended sick leave. The Town recognized the liability in the 2023 financial statements.

Town of Mulgrave
Notes to the Consolidated Financial Statements
March 31, 2023

16. Contingencies

On November 2, 2021, a commercial corporation commenced action against the Town seeking a declaration that one of its properties is exempt from the Town's sewer charge, as well as claiming damages and costs. The result or quantity of the action if successful is unknown as at the audit report date.

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 consolidated statement of operations and consolidated statement of change in net debt has been adjusted to be in on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the consolidated financial statements. Adjustments consist of budgeted capital funding and amortization of tangible capital assets.

	<u>Approved Fiscal</u> <u>Plan</u>	<u>Adjustments</u>	<u>Fiscal Plan per</u> <u>Consolidated</u> <u>Financial</u> <u>Statements</u>
Revenue			
Taxes	\$ 1,642,818	\$ -	\$ 1,642,818
Payments in lieu of taxes	13,035	-	13,035
Other revenue from own sources	233,359	-	233,359
Unconditional transfers from other governments	135,406	-	135,406
Conditional transfers from other governments	69,081	-	69,081
Water rates	<u>624,093</u>	<u>(107,793)</u>	<u>516,300</u>
	<u>2,717,792</u>	<u>(107,793)</u>	<u>2,609,999</u>
Expenditures			
General government services	811,095	7,279	818,374
Protective services	384,398	(82,539)	301,859
Transportation services	395,623	110,051	505,674
Environmental health services	250,271	65,096	315,367
Recreation and cultural services	231,779	14,706	246,485
Water utility	<u>570,704</u>	<u>-</u>	<u>570,704</u>
	<u>2,643,870</u>	<u>114,593</u>	<u>2,758,463</u>
Other Expenditures	<u>73,922</u>	<u>(73,922)</u>	<u>-</u>
Annual Surplus	<u>\$ -</u>	<u>\$ (148,464)</u>	<u>\$ (148,464)</u>

Town of Mulgrave
Schedule of Consolidated Segmented Disclosure

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Year Ended March 31, 2023

2023

2022

	<u>General government services</u>	<u>Protective services</u>	<u>Transportation services</u>	<u>Environmental health services</u>	<u>Recreation and cultural services</u>	<u>Water utility</u>	<u>Total</u>	<u>Total</u>
Revenue								
Taxes	\$ 1,242,037	\$ 118,078	\$ -	\$ 294,023	\$ -	\$ -	\$ 1,654,138	\$ 1,616,458
Payments in lieu of taxes	11,912	-	-	-	-	-	11,912	13,565
Other revenue from own sources	201,167	67,406	970	-	109,924	15,515	394,882	344,963
Unconditional transfers from other governments	134,607	1,000	-	-	-	-	135,607	264,638
Conditional transfers from other governments	60,327	-	869	-	372,550	-	433,746	221,808
Water rates	-	-	-	-	-	498,427	498,427	516,529
	<u>1,650,050</u>	<u>186,484</u>	<u>1,739</u>	<u>294,023</u>	<u>482,474</u>	<u>513,942</u>	<u>3,128,712</u>	<u>2,977,961</u>
Expenses								
Salaries, wages and benefits	218,433	-	251,688	122,244	121,831	187,991	902,187	904,448
Contracted services	47,182	192,699	-	45,015	-	6,723	291,619	268,234
Other operating	497,364	80,837	150,507	83,555	98,904	245,271	1,156,438	1,026,303
Loss on disposal of capital assets	-	-	-	-	-	-	-	-
Other Boards and Agencies	15,248	-	-	5,548	6,200	-	26,996	25,480
Interest	5,821	-	1,989	5,435	-	32,285	45,530	46,649
Accretion	23,701	1,882	-	-	-	-	25,583	-
Amortization	31,532	30,957	110,051	65,096	14,706	63,063	315,405	262,369
	<u>839,281</u>	<u>306,375</u>	<u>514,235</u>	<u>326,893</u>	<u>241,641</u>	<u>535,333</u>	<u>2,763,758</u>	<u>2,533,483</u>
Annual Surplus	<u>\$ 810,769</u>	<u>\$ (119,891)</u>	<u>\$ (512,496)</u>	<u>\$ (32,870)</u>	<u>\$ 240,833</u>	<u>\$ (21,391)</u>	<u>\$ 364,954</u>	<u>\$ 444,478</u>

**Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities**

18

Year Ended March 31	2023	2023	2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Taxes			
General			
Residential	\$ 329,393	\$ 328,457	\$ 314,574
Resource	19,668	19,436	19,560
Commerical	1,031,846	1,031,846	1,030,938
Forestry	331	271	331
	<u>1,381,238</u>	<u>1,380,010</u>	<u>1,365,403</u>
By services			
Sanitary Sewer	248,211	249,135	244,100
Hydrants	118,081	118,078	116,301
Solid waste	45,015	44,888	43,875
	<u>411,307</u>	<u>412,101</u>	<u>404,276</u>
Other			
Aliant	2,430	2,430	2,213
Deed Transfer	500	11,908	5,139
Wind turbines	16,205	16,551	16,387
	<u>19,135</u>	<u>30,889</u>	<u>23,739</u>
Transferred to Regional Centre for Education	(130,649)	(130,649)	(132,900)
Transfer to correctional services	(8,213)	(8,213)	(8,459)
Deficit of Housing Authority	(30,000)	(30,000)	(35,601)
	<u>(168,862)</u>	<u>(168,862)</u>	<u>(176,960)</u>
	<u>\$ 1,642,818</u>	<u>\$ 1,654,138</u>	<u>\$ 1,616,458</u>
Grants in Lieu of Taxes			
Province of NS	\$ 1,220	\$ 122	\$ 1,221
CBC	1,155	1,129	1,155
NSLC	10,660	10,660	11,189
	<u>\$ 13,035</u>	<u>\$ 11,911</u>	<u>\$ 13,565</u>
Revenue Own Sources			
Recreation programs & fees	\$ 23,600	\$ 31,451	\$ 31,330
Recreation fundraising & community rentals	114,000	122,506	103,410
Licenses, permits & fines	600	531	577
Rent	35,587	35,587	35,587
Public Works	1,100	870	3,130
Interest on taxes	40,572	60,157	48,074
Bank interest	10,000	68,432	21,965
Contribution from MVFD	-	67,172	79,500
Sale of Property	-	-	12,002
Miscellaneous	7,900	8,175	9,388
	<u>\$ 233,359</u>	<u>\$ 394,881</u>	<u>\$ 344,963</u>
Unconditional Transfers			
Equalization	\$ 127,508	\$ 127,508	\$ 255,016
HST Offset	6,000	6,201	7,786
NSPC	898	898	836
Emergency measures - 911	1,000	1,000	1,000
	<u>\$ 135,406</u>	<u>\$ 135,607</u>	<u>\$ 264,638</u>

Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities

19

Year Ended March 31	2023	2023	2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Conditional Transfers			
Visitor Information Centre	\$ 9,409	\$ 9,454	\$ 9,058
Federal Gas Tax	-	60,327	121,142
Health and Wellness	15,000	15,000	15,000
Federal & Provincial Grants	-	22,974	28,145
Recreation grants	43,872	36,616	15,053
Fuel tax rebate	800	869	765
Waste Treatment & Diversion	-	288,507	32,645
	<u>\$ 69,081</u>	<u>\$ 433,747</u>	<u>\$ 221,808</u>
EXPENDITURES			
General Government Services			
Legislative			
Council remuneration	\$ 43,793	\$ 41,052	\$ 44,078
Council Travel & Expenses	1,700	788	556
Elections	6,000	8,435	-
Other	3,000	506	2,826
	<u>54,493</u>	<u>50,781</u>	<u>47,460</u>
Administration			
Salaries & benefits	134,683	138,886	166,738
Travel & training	2,614	427	2,350
Office	17,400	17,948	18,310
Information technology	29,200	25,595	30,574
Contract services			
Legal	35,000	6,964	12,619
Audit	19,500	23,963	16,738
Consulting	20,000	16,255	13,824
Insurance	13,800	15,582	13,222
Taxation			
Exemptions and reductions	286,655	286,647	283,372
PVSC	15,248	15,248	15,549
Bad debts and collection expenses (net of recoveries)	5,000	4,968	13,412
Other	22,050	22,212	17,468
	<u>601,150</u>	<u>574,695</u>	<u>604,176</u>
Municipal property			
Post office	49,400	40,227	37,050
Mulgrave Memorial Centre	98,552	111,687	72,252
Marina	2,000	837	3,734
	<u>149,952</u>	<u>152,751</u>	<u>113,036</u>
Amortization	6,958	31,532	3,361
Accretion	-	23,701	-
Interest	5,821	5,821	5,033
	<u>\$ 818,374</u>	<u>\$ 839,281</u>	<u>\$ 773,066</u>

Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities

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Year Ended March 31	2023	2023	2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective Services			
Police - RCMP	\$ 190,015	\$ 190,015	\$ 171,130
Fire Department			
Honoraria & training	8,850	8,271	7,869
Building	32,500	35,693	24,034
Vehicles	15,900	15,418	11,628
Equipment	17,740	13,209	12,585
Other	2,800	4,370	2,689
	<u>77,790</u>	<u>76,961</u>	<u>58,805</u>
Emergency measures	4,500	3,000	3,046
Animal control		876	174
Building inspection	4,300	2,684	4,131
Amortization	25,254	30,957	14,304
Accretion	-	1,882	-
Interest	-	-	65
	<u>\$ 301,859</u>	<u>\$ 306,375</u>	<u>\$ 251,655</u>
Transportation Services			
Public works			
Salaries, wages & benefits	\$ 222,663	\$ 228,910	\$ 242,141
Personal protective equipment	1,000	1,869	854
Telephone	1,000	961	835
Insurance	14,000	16,971	13,653
Workshop	11,000	10,823	8,373
Vehicles & equipment	41,000	44,851	26,007
	<u>290,663</u>	<u>304,385</u>	<u>291,863</u>
Roads			
Snow removal	56,572	58,745	60,725
Maintenance	17,000	14,023	17,271
	<u>73,572</u>	<u>72,768</u>	<u>77,996</u>
Street lights	29,400	25,043	28,484
Amortization	110,051	110,051	112,219
Interest	1,988	1,988	2,181
	<u>\$ 505,674</u>	<u>\$ 514,235</u>	<u>\$ 512,743</u>
Environmental Health Services			
Wastewater operations			
Salaries and benefits	\$ 93,161	\$ 122,244	\$ 84,390
Training & safety	3,000	2,820	2,175
Insurance	7,500	7,748	6,861
Power	38,000	35,442	36,072
Maintenance	29,100	11,301	19,232
	<u>170,761</u>	<u>179,555</u>	<u>148,730</u>

**Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities**

Year Ended March 31	2023	2023	2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental Health Services (cont'd)			
Solid waste			
Contracted services	45,015	45,015	44,213
Tipping fees	24,310	26,244	21,210
ERSWM	4,750	5,548	4,708
	<u>74,075</u>	<u>76,807</u>	<u>70,131</u>
Amortization	65,096	65,096	63,177
Interest	5,435	5,435	5,700
	<u>\$ 315,367</u>	<u>\$ 326,893</u>	<u>\$ 287,738</u>
Recreation and Cultural Services			
Administration			
Salaries and benefits	\$ 80,253	\$ 66,279	\$ 75,300
Training, conferences, dues	670	3,427	730
Office	1,600	357	752
	<u>82,523</u>	<u>70,063</u>	<u>76,782</u>
Facilities			
Pool operations	29,784	32,992	28,860
Parks and fields	24,970	23,281	24,145
Tennis courts	570	405	564
Visitor Information Centre	9,410	9,523	9,058
Trails	-	5,309	771
Insurance	4,200	6,480	4,494
	<u>68,934</u>	<u>77,990</u>	<u>67,892</u>
Programs	67,600	65,182	19,460
Libraries and museums			
Regional Library Board	5,222	6,200	5,222
Local branch library	-	-	60
Museum grant	7,500	7,500	7,500
	<u>12,722</u>	<u>13,700</u>	<u>12,782</u>
Amortization	14,706	14,706	8,084
	<u>\$ 246,485</u>	<u>\$ 241,641</u>	<u>\$ 185,000</u>

**Town of Mulgrave
Water Operating Fund
Statement of Financial Activities**

Year ended March 31	2023	2023	2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenue			
Metered sales	\$ 269,000	\$ 262,691	\$ 268,899
Flat rate sales	219,000	216,224	218,577
Sales to boats	24,500	14,246	24,449
Benefit cost sharing recovery	1,200	1,124	2,008
Interest and penalties on rates	2,600	4,143	2,597
	<u>516,300</u>	<u>498,428</u>	<u>516,530</u>
Public fire protection	<u>107,793</u>	<u>107,793</u>	<u>107,793</u>
	<u>624,093</u>	<u>606,221</u>	<u>624,323</u>
Operating expenditures			
Source of supply	1,590	1,660	1,716
Power & pumping	55,000	39,652	41,146
Purification	181,945	158,228	169,524
Transmission & distribution	54,604	46,299	44,707
Administration & general	94,944	106,231	83,333
Depreciation	63,064	63,064	61,220
Interest	32,285	32,285	33,672
	<u>483,432</u>	<u>447,419</u>	<u>435,318</u>
Property taxes	<u>87,272</u>	<u>87,272</u>	<u>87,272</u>
	<u>570,704</u>	<u>534,691</u>	<u>522,590</u>
Operating Profit	<u>53,389</u>	<u>71,530</u>	<u>101,733</u>
Non-operating revenue			
Amortization of deferred contributions	25,611	25,611	25,611
Other	1,000	210	960
	<u>26,611</u>	<u>25,821</u>	<u>26,571</u>
Non-operating expenditures			
Principal repayments	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Excess of revenue over expenditure	<u>\$ -</u>	<u>\$ 17,351</u>	<u>\$ 48,305</u>
Accumulated surplus			
Beginning of year	\$ 423,928	\$ 423,928	\$ 375,623
End of year	<u>\$ 423,928</u>	<u>\$ 441,279</u>	<u>\$ 423,928</u>

**Town of Mulgrave
Water Operating Fund
Statement of Financial Position**

March 31	2023	2022
Financial Assets		
Receivables		
Rates	\$ 78,738	\$ 86,122
Commodity taxes	5,978	7,973
Own Funds		
General operating	<u>385,113</u>	<u>360,530</u>
	<u>469,829</u>	<u>454,625</u>
Liabilities		
Trade payables and accruals	34,210	34,169
Deferred revenue	<u>12,384</u>	<u>10,099</u>
	<u>46,594</u>	<u>44,268</u>
Net Financial Assets	<u>423,235</u>	<u>410,357</u>
Non-Financial Assets		
Inventory	12,453	9,176
Prepaid expenses	<u>5,589</u>	<u>4,395</u>
	<u>18,042</u>	<u>13,570</u>
Accumulated Surplus	<u>\$ 441,279</u>	<u>\$ 423,928</u>

On behalf of the Town



Mayor



CAO

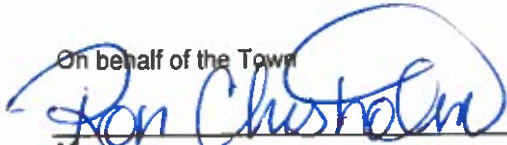
**Town of Mulgrave
Water Operating Fund
Schedule to Statement of Financial Activities**

Year ended March 31	2023 <u>Budget</u>	2023 <u>Actual</u>	2022 <u>Actual</u>
Operating expenditures			
Power & pumping			
Electricity	49,000	39,652	40,795
Maintenance	6,000	-	350
	<u>55,000</u>	<u>39,652</u>	<u>41,145</u>
Purification			
Salaries & benefits	129,567	99,249	113,143
Training	2,000	3,718	1,721
Chemicals	34,478	36,593	33,960
Testing	13,000	14,898	12,895
Other	2,900	3,770	7,805
	<u>181,945</u>	<u>158,228</u>	<u>169,524</u>
Transmission & distribution			
Salaries and benefits	37,854	36,370	36,202
Maintenance	10,250	4,399	4,217
Vehicle	6,500	5,530	4,288
	<u>54,604</u>	<u>46,299</u>	<u>44,707</u>
Administration & general			
Salaries and benefits	50,144	52,374	55,313
Audit	6,000	6,723	5,579
Insurance	13,000	15,527	12,589
Office & contracted office	25,800	31,608	9,852
	<u>94,944</u>	<u>106,232</u>	<u>83,333</u>

**Town of Mulgrave
Water Capital Fund
Statement of Financial Position**

March 31	2023	2022
Financial Assets		
Cash and cash equivalents	\$ 572,373	\$ 528,352
Financial liabilities		
Holdbacks payable	5,496	5,496
Long-term debt	<u>1,120,000</u>	<u>1,200,000</u>
	<u>1,125,496</u>	<u>1,205,496</u>
Net Debt	<u>(553,123)</u>	<u>(677,144)</u>
Non-financial Assets		
Tangible capital assets	5,288,833	5,280,097
Less: accumulated depreciation	(661,198)	(598,135)
Debenture discount	8,347	8,989
Deferred contributions	<u>(2,433,061)</u>	<u>(2,458,672)</u>
	<u>2,202,921</u>	<u>2,232,279</u>
Investment in Capital Assets	<u>\$ 1,649,798</u>	<u>\$ 1,555,135</u>

On behalf of the Town



Mayor

CAO



**Town of Mulgrave
Water Capital Fund
Statement of Investment in Capital Assets**

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Year Ended March 31	2023	2022
Balance, beginning of year	\$ 1,555,135	\$ 1,471,911
Amortization of discount on debentures	(642)	(690)
Loss on asset disposal	-	-
Interest earned	15,305	3,914
Term debt retired	<u>80,000</u>	<u>80,000</u>
Balance, end of year	<u>\$ 1,649,798</u>	<u>\$ 1,555,135</u>

Statement of Deferred Contributions

Year Ended March 31	2023	2022
Balance, beginning of year	\$ 2,458,672	\$ 2,484,283
Amortization	<u>(25,611)</u>	<u>(25,611)</u>
Balance, end of year	<u>\$ 2,433,061</u>	<u>\$ 2,458,672</u>

Statement of Depreciation Fund Cash

Year Ended March 31	2022	2021
Cash, beginning of year	\$ 528,352	\$ 525,698
Transfers to/from other funds	37,452	35,608
Interest earned	15,305	3,916
Purchase of capital assets	<u>(8,736)</u>	<u>(36,870)</u>
Balance, end of year	<u>\$ 572,373</u>	<u>\$ 528,352</u>