

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW,
CAVENDISH AND NORTH RUSTICO**

Consolidated Financial Statements

March 31, 2024

RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO

Index to Consolidated Financial Statements

March 31, 2024

	Page
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
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 Consolidated Financial Statements	8 - 17
Schedules to Consolidated Financial Statements	18 - 23

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico are the responsibility of management and have been prepared in accordance with Canadian Accounting Standards for the Public Sector. A summary of the significant accounting policies are described in 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 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 consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MRSB Chartered Professional Accountants Inc., independent external auditors appointed by the Municipality. 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 Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico:



Mayor

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico

Opinion

We have audited the consolidated financial statements of the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico (the Municipality), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes and schedules 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 the Municipality as at March 31, 2024, and the results of its operations 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 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 those 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Accounting Standards for the Public Sector, 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 relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

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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.

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

August 19, 2024

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

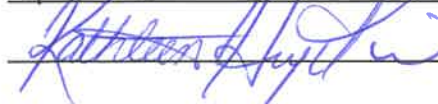
Consolidated Statement of Financial Position

March 31, 2024

	2024	2023
Financial assets		
Cash		
Unrestricted cash	\$ 593,706	\$ 757,429
Restricted cash	58,130	178,890
Accounts receivable (Note 3)	216,805	132,933
Funds held in trust	29,384	48,185
Recreation fund (Note 4)	62,145	54,692
Contingency fund (Note 5)	17,696	17,378
	977,866	1,189,507
Liabilities		
Accounts payable and accrued liabilities	106,435	124,509
Security deposits payable	29,384	48,185
Deferred revenue (Note 6)	83,948	296,468
Trust fund payable (Note 7)	130,116	130,116
Long term debt (Note 8)	794,224	871,746
	1,144,107	1,471,024
Net debt (Statement 6)	(166,241)	(281,517)
Non-financial assets		
Prepaid expense	19,204	19,770
Tangible capital assets (Schedules 1 and 2)	6,840,793	6,622,639
Intangibles (Note 9)	108,262	89,244
	6,968,259	6,731,653
Accumulated surplus (Statement 5)	\$ 6,802,018	\$ 6,450,137
Lease commitments (Note 10)		

ON BEHALF OF COUNCIL

 _____ Mayor

 _____ Councillor

Notes 1 - 19 are an integral part of these consolidated financial statements

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Consolidated Statement of Operations

Year Ended March 31, 2024

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Resort Municipality (Schedule 3)	\$ 368,689	\$ 430,039	\$ 383,837
Sewer Utility (Schedule 4)	406,800	394,203	388,594
	775,489	824,242	772,431
Expenditures			
Resort Municipality (Schedule 3)	551,603	546,744	476,607
Sewer Utility (Schedule 4)	406,800	323,439	361,420
	958,403	870,183	838,027
Operating deficit	(182,914)	(45,941)	(65,596)
Other revenues			
Resort Municipality (Schedule 3)	-	47,286	26,593
Sewer Utility (Schedule 4)	-	342,765	27,401
	-	390,051	53,994
Annual surplus (deficit)	(182,914)	344,110	(11,602)
Accumulated surplus - beginning of year	6,450,137	6,450,137	6,461,046
Change in restricted funds	-	7,771	693
Accumulated surplus - end of year (Note 11)	\$ 6,267,223	\$ 6,802,018	\$ 6,450,137

Notes 1 - 19 are an integral part of these consolidated financial statements

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

**Consolidated Statement of Changes in Net Debt
Year Ended March 31, 2024**

	Budget 2024	Actual 2024	Actual 2023
Annual surplus (deficit)	\$ (182,914)	\$ 344,110	\$ (11,602)
Amortization of tangible capital assets	226,419	182,032	201,815
Amortization of intangible assets	-	15,111	19,659
Purchase of tangible capital assets	(2,650,280)	(400,184)	(66,389)
Purchase of intangible assets	-	(34,129)	(59,442)
Decrease in prepaid expense	-	565	624
Increase in recreation fund	-	7,453	509
Increase in contingency fund	-	318	184
	<u>(2,423,861)</u>	<u>(228,834)</u>	96,960
(Increase) decrease in net debt	(2,606,775)	115,276	85,358
Net debt - beginning of year	<u>(281,517)</u>	<u>(281,517)</u>	<u>(366,875)</u>
Net debt - end of year	<u>\$ (2,888,292)</u>	<u>\$ (166,241)</u>	<u>\$ (281,517)</u>

Notes 1 - 19 are an integral part of these consolidated financial statements

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

**Consolidated Statement of Cash Flows
Year Ended March 31, 2024**

	2024	2023
Cash flows from operating activities		
Annual surplus (deficit)	\$ 344,110	\$ (11,602)
Items not affecting cash:		
Amortization of tangible capital assets	182,032	201,815
Amortization of intangible assets	15,111	19,659
	<u>541,253</u>	<u>209,872</u>
Changes in non-cash working capital:		
Accounts receivable	(83,872)	279,216
Funds held in trust	18,801	(7,727)
Prepaid expense	568	623
Accounts payable and accrued liabilities	(18,077)	19,524
Security deposits payable	(18,801)	7,727
Deferred revenue	(212,520)	69,413
	<u>(313,901)</u>	<u>368,776</u>
	<u>227,352</u>	<u>578,648</u>
Cash flows from capital activities		
Purchase of tangible capital assets	(400,184)	(66,389)
Purchase of intangible assets	(34,129)	(59,442)
	<u>(434,313)</u>	<u>(125,831)</u>
Cash flows from financing activities		
Proceeds from long term debt	425,415	-
Repayment of long term debt	(502,937)	(159,771)
	<u>(77,522)</u>	<u>(159,771)</u>
Increase (decrease) in cash	(284,483)	293,046
Cash - beginning of year	936,319	643,273
Cash - end of year	\$ 651,836	\$ 936,319
Cash consists of:		
Unrestricted cash	\$ 593,706	\$ 757,429
Restricted cash	58,130	178,890
	<u>\$ 651,836</u>	<u>\$ 936,319</u>

Notes 1 - 19 are an integral part of these consolidated financial statements

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

1. DESCRIPTION OF BUSINESS

The Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico (the "Municipality") was incorporated under the Municipalities Act of Prince Edward Island. The Municipality is a non-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met. Its principal activities include the provision of local government services to residents of the incorporated area.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico are the representations of management prepared in accordance with Canadian Accounting Standards for the Public Sector.

The consolidated 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.

Basis of consolidation

These consolidated financial statements for the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico reflect the assets, liabilities, revenues, expenditures, and annual surplus of all funds of the Municipality. The Municipality is comprised of all organizations and committees accountable to the Municipality for the administration of their financial affairs and resources. Included with the municipality are the following:

Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico
Cavendish Sewer Utility

Cash

Cash is comprised of unrestricted, internally restricted and restricted balances on deposits with banks and short term indebtedness.

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RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Accounts receivable

Accounts receivable arise from sewer dues, government funding receivable, Harmonized Sales Tax receivable and other miscellaneous receivables. 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 which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized over the useful life on a straight-line basis as follows:

Street lights	25 years
Land improvements	20 years
Leasehold improvements	20 years
Sidewalks and trails	20 years
Heritage Park	20 years
Boardwalk	15 years
Fencing	10 years
Equipment	10 years
Signage	5 years
Computer equipment	5 years
Sewer system	83 1/3 years
Retention pond	83 1/3 years
Sewer equipment	20 years

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

The Municipality regularly reviews its tangible capital assets to eliminate obsolete items.

Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives of ten years.

Impairment of long lived assets

The Municipality 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.

(*continues*)

RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 the 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.

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 consolidated financial statements as revenue in the year 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.

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 surplus. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issuance of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

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**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

Sewer dues are charged based on rates approved by the Island Regulatory and Appeals Commission (IRAC). These charges are assessed annually and are recognized when 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.

Interest revenue is recognized on a time proportion basis.

Measurement uncertainty

The presentation of the consolidated 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 consolidated 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 and schedules is subject to management's assessment of the estimated useful life of the Municipality's tangible capital assets;
- 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
Sewer receivable	\$ 111,789	\$ 110,001
Government funding receivable	75,370	11,800
HST receivable	23,224	9,210
Miscellaneous receivables	6,422	1,922
	\$ 216,805	\$ 132,933

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

4. RECREATION FUND

The Members of Council have internally restricted the purpose for which recreation funds arising from subdivision fees may be used. During the year, the Members of Council did not approve the release of funds for the purpose of funding general operating activities.

	2024	2023
Balance - beginning of year	\$ 54,692	\$ 54,183
Subdivision fees	6,653	50
Interest	800	459
	\$ 62,145	\$ 54,692

5. CONTINGENCY FUND

The Members of Council have internally restricted the purpose for which contingency funds set aside in an earlier fiscal year may be used. During the year, the Members of Council did not approve the release of any funds for the purpose of funding general operating activities.

	2024	2023
Balance - beginning of year	\$ 17,378	\$ 17,194
Interest	318	184
	\$ 17,696	\$ 17,378

6. DEFERRED REVENUE

	2024	2023
Canada Community Building Fund	\$ 83,948	\$ 296,468

During the year, the Municipality was allocated \$100,000 under the Canada Community Building Fund and earned interest of \$2,160. Total funds expended for projects during the year totaled \$314,680. The Municipality must use its allocation for eligible infrastructure and capacity building projects.

7. TRUST FUND PAYABLE

In exchange for land transferred to the Utility from Parks Canada for the lagoon site, the Cavendish Sewer Utility was obligated to establish a trust fund of \$250,000 to be administered by the Utility. The proceeds of the trust fund are to be used to satisfy the original land transfer for the P.E.I. National Park. At March 31, 2024, the Utility has purchased land totaling \$110,380 and incurred \$9,504 in costs towards the satisfaction of this trust obligation.

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

8. LONG TERM DEBT

	2024	2023
<u>Municipality</u>		
Canada Mortgage and Housing Corporation - 4.15%; repayable in semi-annual blended installments of \$35,170. The loan matures on May 1, 2025.	\$ 66,191	\$ 97,322
<u>Utility</u>		
BMO - 2.9%; repayable in semi-annual blended installments of \$11,325. The loan matures on August 31, 2041; secured by borrowing resolution.	302,618	305,478
BMO - 5.17%; repayable in semi-annual blended installments of \$15,244. The loan matures on December 31, 2028; secured by borrowing resolution.	425,415	-
BMO - 3.04%; repaid during year.	-	14,874
Provincial Credit Union Limited - 3.65%; repaid during year	-	443,965
BMO - 2.88%; repaid during year.	-	10,107
	728,033	774,424
	\$ 794,224	\$ 871,746

Principal repayments of long term debt are expected to be repaid over the next five years as follows:

2025	\$ 55,377
2026	57,223
2027	24,350
2028	25,282
2029	26,254

9. INTANGIBLE ASSETS

	2024	2023
Official plan	\$ 134,669	\$ 121,990
Water study	33,502	12,052
Accumulated amortization	(59,909)	(44,798)
	\$ 108,262	\$ 89,244

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

10. LEASE COMMITMENT

The Municipality has entered into a lease agreement with the Department of Transportation and Public Works for the lease of office space. The lease is due to expire February 28, 2027 at an annual fixed rate of \$10,290 plus taxes.

The Municipality has entered into a lease agreement with RCAP leasing for the lease of a photocopier for three years.

Future minimum lease payments due over the next three years are as follows:

2025	\$	13,517
2026		13,096
2027		10,847

11. ACCUMULATED SURPLUS

	2024	2023
Unrestricted surplus	\$ 264,308	\$ (19,402)
Restricted surplus		
Recreation fund (Note 4)	62,145	54,692
Contingency fund (Note 5)	17,696	17,378
Reserves (Note 12)	303,039	557,332
Investment in tangible capital assets (Note 13)	6,046,568	5,750,893
Investment in intangible assets (Note 9)	108,262	89,244
	\$ 6,802,018	\$ 6,450,137

12. RESERVES

	2024	2023
Active Transportation Reserve	\$ 160,000	\$ 300,000
Emergency Management Reserve	50,000	50,000
Community Priority Reserve	40,000	90,185
HR Contingency Reserve	30,000	30,000
Recreation and parks	18,000	40,547
Legal Reserve	5,039	40,000
Election Reserve	-	6,600
	\$ 303,039	\$ 557,332

13. INVESTMENT IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital assets (Schedules 1 and 2)	\$ 11,044,294	\$ 10,644,107
Accumulated amortization (Schedules 1 and 2)	(4,203,502)	(4,021,468)
Long term debt (Note 8)	(794,224)	(871,746)
	\$ 6,046,568	\$ 5,750,893

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

14. GOVERNMENT TRANSFERS

	2024	2023
<u>Government transfers for operations</u>		
Municipality		
Province of PEI Transportation and Infrastructure	\$ 5,929	\$ 5,635
Province of PEI - 2 Billion Tree Program	4,485	-
Province of PEI - Seniors' Secretariat Grant	1,500	-
Innovation PEI	800	-
Canada Heritage	-	2,640
	12,714	8,275
 <u>Government transfers for capital</u>		
Municipality		
Province of PEI Transportation and Infrastructure	35,870	-
Municipal Capital Expenditure Grant	6,899	9,821
Canada Community Building Fund	4,517	7,028
Investing in Canada Infrastructure Program	-	9,744
	47,286	26,593
 <u>Government transfers for capital</u>		
Utility		
Canada Community Building Fund	310,163	25,437
Municipal Capital Expenditure Grant	32,602	1,964
	342,765	27,401
	390,051	53,994
	\$ 402,765	\$ 62,269

15. RATE REGULATION

The Sewer Utility is subject to rate regulation on sewer utility rates in Prince Edward Island in accordance with the Water and Sewerage Act. The purpose of this Act, which is administered by the Island Regulatory and Appeals Commission (IRAC), is to regulate the water and wastewater utility rates within the Province of Prince Edward Island.

Utility rates and charges are fixed and determined in accordance with the generally accepted public utility practices after taking into consideration local conditions and circumstances. Municipalities may apply for changes to sewer utility rates with IRAC. The commission will review these requests and adjust the rates accordingly.

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

16. BUDGET FIGURES

A reconciliation of the 2024 fiscal operating budget prepared by Council to the budget figures disclosed in the consolidated financial statements is as follows:

	<u>2024</u>
Resort Municipality budgeted annual surplus	\$ -
Sewer Utility budgeted annual surplus	-
Deduct: Prior year surplus	<u>(182,914)</u>
	<u>\$ (182,914)</u>

17. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash, restricted cash, accounts receivable, funds held in trust, accounts payable and accrued liabilities, security deposits payable, trust fund payable and long term debt.

The Municipality 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 Municipality's risk exposure and concentration as of March 31, 2024.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The 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 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 funds from its customers and other related sources, long term debt, and accounts payable.

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Notes to Consolidated Financial Statements

Year Ended March 31, 2024

18. 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 segments are 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 audited consolidated financial statements, development of the annual budget, human resource functions for the entire municipality, maintenance of bylaws and policies, oversight of public works, maintenance of municipal facilities and administration of municipal services.

Sewer Utility

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

19. SUBSEQUENT EVENTS

Subsequent to year end, on April 8, 2024, a loan in the amount of \$369,585 was advanced to the Cavendish Sewer Utility. The interest rate is 5.35% per annum, with a 60 month term and amortization over 300 months. Blended semi-annual payments in the amount of \$13,490 commence on September 30, 2024. The loan matures on March 31, 2029.

RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH AND NORTH RUSTICO
Schedules to Consolidated 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
Resort Municipality									
Land	\$ 58,200	\$ 100	\$ -	\$ 58,300	\$ -	\$ -	\$ -	\$ -	\$ 58,300
Street lights	138,036	-	-	138,036	104,398	1,525	-	105,923	32,113
Land improvements	4,500	-	-	4,500	3,319	225	-	3,544	956
Leasehold improvements	61,166	-	-	61,166	61,166	-	-	61,166	-
Sidewalks and trails	964,709	-	-	964,709	193,446	48,236	-	241,682	723,027
Heritage Park	823,435	-	-	823,435	155,457	41,172	-	196,629	626,806
Boardwalk	808,221	35,869	-	844,090	803,552	2,045	-	805,597	38,493
Fencing	53,021	-	-	53,021	14,839	5,017	-	19,856	33,165
Equipment	10,039	5,480	-	15,519	5,038	1,084	-	6,122	9,397
Signage	9,481	181	-	9,662	8,824	320	-	9,144	518
Computer equipment	11,073	-	-	11,073	6,030	1,521	-	7,551	3,522
	\$ 2,941,881	\$ 41,631	\$ -	\$ 2,983,511	\$ 1,356,069	\$ 101,144	\$ -	\$ 1,457,214	\$ 1,526,298
Sewer Utility									
Land	\$ 277,450	\$ -	\$ -	\$ 277,450	\$ -	\$ -	\$ -	\$ -	\$ 277,450
Sewer system	5,121,193	356,449	-	5,477,642	1,375,451	65,732	-	1,441,183	4,036,459
Retention pond	1,239,972	-	-	1,239,972	235,414	14,880	-	250,294	989,678
Sewer equipment	1,039,712	2,106	-	1,041,818	1,039,712	105	-	1,039,817	2,001
Equipment	22,563	-	-	22,563	13,484	172	-	13,656	8,907
Signage	1,338	-	-	1,338	1,338	-	-	1,338	-
	\$ 7,702,228	\$ 358,555	\$ -	\$ 8,060,783	\$ 2,665,399	\$ 80,888	\$ -	\$ 2,746,288	\$ 5,314,495
Total	\$ 10,644,109	\$ 400,184	\$ -	\$ 11,044,294	\$ 4,021,468	\$ 182,032	\$ -	\$ 4,203,502	\$ 6,840,793



RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH AND NORTH RUSTICO
Schedules to Consolidated Financial Statements
Tangible Capital Assets
Year Ended March 31, 2023
(Schedule 2)

	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
Resort Municipality									
Land	\$ 58,200	\$ -	\$ -	\$ 58,200	\$ -	\$ -	\$ -	\$ -	\$ 58,200
Street lights	132,939	5,097	-	138,036	102,873	1,525	-	104,398	33,638
Land improvements	4,500	-	-	4,500	3,094	225	-	3,319	1,181
Leasehold improvements	61,166	-	-	61,166	61,166	-	-	61,166	-
Sidewalks and trails	964,709	-	-	964,709	145,211	48,235	-	193,446	771,263
Heritage Park	809,034	14,401	-	823,435	114,285	41,172	-	155,457	667,978
Boardwalk	808,221	-	-	808,221	801,853	1,699	-	803,552	4,669
Fencing	53,021	-	-	53,021	9,822	5,017	-	14,839	38,182
Equipment	7,620	2,419	-	10,039	4,069	969	-	5,038	5,001
Signage	9,481	-	-	9,481	8,455	369	-	8,824	657
Computer equipment	6,167	4,906	-	11,073	4,509	1,521	-	6,030	5,043
	\$ 2,915,058	\$ 26,823	\$ -	\$ 2,941,881	\$ 1,255,337	\$ 100,732	\$ -	\$ 1,356,069	\$ 1,585,812
Sewer Utility									
Land	\$ 277,450	\$ -	\$ -	\$ 277,450	\$ -	\$ -	\$ -	\$ -	\$ 277,450
Sewer system	5,081,626	39,566	-	5,121,193	1,313,997	61,454	-	1,375,451	3,745,742
Retention pond	1,239,972	-	-	1,239,972	220,535	14,879	-	235,414	1,004,558
Sewer equipment	1,039,712	-	-	1,039,712	1,015,135	24,577	-	1,039,712	-
Equipment	22,563	-	-	22,563	13,312	172	-	13,484	9,079
Signage	1,338	-	-	1,338	1,338	-	-	1,338	-
	\$ 7,662,661	\$ 39,566	\$ -	\$ 7,702,228	\$ 2,564,317	\$ 101,083	\$ -	\$ 2,665,399	\$ 5,036,829
Total	\$ 10,577,719	\$ 66,389	\$ -	\$ 10,644,109	\$ 3,819,654	\$ 201,815	\$ -	\$ 4,021,468	\$ 6,622,639



**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Statement of Operations - Resort Municipality

(Schedule 3)

Year Ended March 31, 2024

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Municipal tax	\$ 326,689	\$ 356,291	\$ 328,437
Building permits	6,000	26,989	17,981
Administration fees	21,000	20,480	20,480
Government transfers for operations (Note 14)	-	12,714	8,275
Interest	5,000	10,145	5,404
Miscellaneous	10,000	3,420	3,260
	<u>368,689</u>	<u>430,039</u>	<u>383,837</u>
Expenditures			
Advertising	3,500	5,545	520
Amortization of intangible assets	-	15,111	19,659
Amortization of tangible capital assets	98,403	101,144	100,732
Community projects	30,000	36,739	9,051
Election	-	-	5,312
Federation dues	850	736	672
Fire protection	85,000	90,544	83,564
Honorariums	20,000	18,100	15,649
Hospitality	8,000	6,011	3,564
Insurance	13,000	13,381	11,885
Interest and bank charges	500	262	77
Meetings and seminars	1,000	472	1,102
Office	12,000	10,739	10,896
Professional fees	72,000	39,520	22,503
Property tax and sewer	600	528	530
Recreation rebate	250	100	100
Rent	12,000	11,319	11,319
Street lighting and maintenance	37,000	46,778	41,709
Telephone	5,000	4,793	4,477
Travel	7,500	6,702	6,435
Wages and wage levies	145,000	138,220	126,851
	<u>551,603</u>	<u>546,744</u>	<u>476,607</u>
Operating deficit	(182,914)	(116,705)	(92,770)
Other revenues			
Government transfers for capital (Note 14)	-	47,286	26,593
Annual surplus (deficit)	\$ (182,914)	\$ (69,419)	\$ (66,177)

Notes 1 - 19 are an integral part of these consolidated financial statements

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH
AND NORTH RUSTICO**

Statement of Operations - Sewer Utility

(Schedule 4)

Year Ended March 31, 2024

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Sewer fees	\$ 400,000	\$ 388,109	\$ 381,085
Interest	5,000	4,288	5,561
Other	1,800	1,806	1,948
	406,800	394,203	388,594
Expenditures			
Administration	21,000	20,480	21,513
Amortization of tangible capital assets	128,016	80,888	101,083
Dues and fees	5,000	4,713	4,822
Electricity	45,000	39,414	40,148
Insurance	15,000	13,187	11,702
Interest and bank charges	-	106	504
Interest on long term debt	23,000	26,257	33,583
Maintenance	145,817	127,826	129,733
Miscellaneous	2,500	2,409	9,861
Professional fees	20,817	7,476	7,845
Property tax	650	683	626
	406,800	323,439	361,420
Operating surplus	-	70,764	27,174
Other revenues			
Government transfers for capital (Note 14)	-	342,765	27,401
Annual surplus	\$ -	\$ 413,529	\$ 54,575

Notes 1 - 19 are an integral part of these consolidated financial statements

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH AND
NORTH RUSTICO**

Schedules to Consolidated Financial Statements

(Schedule 5)

Segment Disclosures

Year Ended March 31, 2024

	Municipality	Cavendish Sewer	Elimination	Consolidated 2024
Revenues				
Property taxes	\$ 356,291	\$ -	\$ -	\$ 356,291
Administration fees	20,480	-	(20,480)	-
Buidling permits	26,989	-	-	26,989
Government transfers for operations	12,714	-	-	12,714
Interest	10,145	4,288	-	14,433
Miscellaneous	3,420	1,806	-	5,226
Sewer fees	-	388,109	(528)	387,581
	<u>430,039</u>	<u>394,203</u>	<u>(21,008)</u>	<u>803,234</u>
Expenditures				
Salaries and benefits	156,320	-	-	156,320
Goods and services	273,907	216,188	(21,008)	469,087
Amortization of tangible capital assets	101,144	80,888	-	182,032
Amortization of intangible assets	15,111	-	-	15,111
Interest	262	26,363	-	26,625
	<u>546,744</u>	<u>323,439</u>	<u>(21,008)</u>	<u>849,175</u>
Operating surplus (deficit)	(116,705)	70,764	-	(45,941)
Government transfers for capital	47,286	342,765	-	390,051
Annual surplus (deficit)	\$ (69,419)	\$ 413,529	\$ -	\$ 344,110

Notes 1 - 19 are an integral part of these consolidated financial statements

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH AND
NORTH RUSTICO**

**Schedules to Consolidated Financial Statements (Schedule 6)
Segment Disclosures
Year Ended March 31, 2023**

	Municipality	Cavendish Sewer	Elimination	Consolidated 2023
Revenues				
Property taxes	\$ 328,437	\$ -	\$ -	\$ 328,437
Government transfers for operations	8,275	-	-	8,275
Administration fees	20,480	-	(20,480)	-
Building permits	17,981	-	-	17,981
Miscellaneous	3,260	1,948	-	5,208
Interest	5,404	5,561	-	10,965
Sewer fees	-	381,085	(530)	380,555
	383,837	388,594	(21,010)	751,421
Expenditures				
Salaries and benefits	142,500	-	-	142,500
Goods and services	213,639	226,250	(21,010)	418,879
Amortization of tangible capital assets	100,732	101,083	-	201,815
Amortization of intangible capital assets	19,659	-	-	19,659
Interest	77	34,087	-	34,164
	476,607	361,420	(21,010)	817,017
Operating surplus (deficit)	(92,770)	27,174	-	(65,596)
Government transfers for capital	26,593	27,401	-	53,994
Annual surplus (deficit)	\$ (66,177)	\$ 54,575	\$ -	\$ (11,602)

Notes 1 - 19 are an integral part of these consolidated financial statements