

Financial Statements of

**RURAL MUNICIPALITY OF
NEW HAVEN - RIVERDALE**

153-day period ended August 31, 2020



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Rural Municipality of New Haven - Riverdale

Opinion

We have audited the accompanying financial statements of Rural Municipality of New Haven - Riverdale (the Municipality), which comprise the statement of financial position as at August 31, 2020, and the statements of operations, change in net financial assets, and cash flows for the period 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 Municipality as at August 31, 2020, and its results of operations, its change in net financial assets, and its cash flows for the period 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 Municipality in accordance with the 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.



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

Auditor's Responsibilities for the Audit of the 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. 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 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 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 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.

Chartered Professional Accountants

Charlottetown, Prince Edward Island
December 10, 2020

RURAL MUNICIPALITY OF NEW HAVEN - RIVERDALE

Statement of Financial Position

August 31, 2020, with comparative figures for March 31, 2020

	August 31, 2020	March 31, 2020
Financial Assets		
Cash (Note 2)	\$ 78,448	\$ 140,782
Accounts receivable	23,071	11,356
	<u>101,519</u>	<u>152,138</u>
Liabilities		
Accounts payable and accrued liabilities	65,453	12,011
Net financial assets	<u>36,066</u>	<u>140,127</u>
Non-financial Assets		
Prepaid expenses	1,617	485
Tangible capital assets (Schedule 1)	200,375	81,855
	<u>201,992</u>	<u>82,340</u>
Accumulated surplus (Note 3)	<u>\$ 238,058</u>	<u>\$ 222,467</u>

The accompanying notes are an integral part of these financial statements.

On Behalf of the Council:

_____ Councillor

_____ Councillor

RURAL MUNICIPALITY OF NEW HAVEN - RIVERDALE

Statement of Operations

153-day period ended August 31, 2020, with comparative figures for year ended March 31, 2020
(Note 6)

	March 31, 2021 Budget	August 31, 2020 Actual	March 31, 2020 Actual
Revenue:			
Property tax assessments	\$ 74,081	\$ 33,227	\$ 76,907
Government transfers for operations (Note 4)	17,121	6,092	13,581
Government transfers for capital (Note 4)	-	25,463	35,280
Building permits	3,867	1,930	3,342
Field rentals	1,300	380	1,000
Interest	-	34	923
	96,369	67,126	131,033
Expenses:			
Advertising	-	-	1,499
Amortization of tangible capital assets	-	788	1,339
Bank charges	50	15	74
Black fly program	12,500	11,956	10,926
Council	5,160	1,720	5,160
Donation to APM Centre	2,000	1,943	-
Dues	1,500	1,173	1,485
Fire dues	27,000	12,022	27,611
Honorariums	6,000	8,068	8,576
Insurance	1,500	808	1,455
Meetings	1,400	176	500
Municipal Growth Study	1,500	-	-
Office	3,100	609	2,301
Office rent	5,800	2,170	5,208
Professional fees	8,500	8,653	5,321
Planning	500	-	-
Repairs and maintenance	9,000	1,434	1,863
Training	-	-	400
	85,510	51,535	73,718
Annual surplus	10,859	15,591	57,315
Accumulated surplus, beginning of the period	222,467	222,467	165,152
Accumulated surplus, end of the period	\$ 233,326	\$ 238,058	\$ 222,467

The accompanying notes are an integral part of these financial statements.

RURAL MUNICIPALITY OF NEW HAVEN - RIVERDALE

Statement of Change in Net Financial Assets

153-day period ended August 31, 2020, with comparative figures for year ended March 31, 2020
(Note 6)

	March 31, 2021 Budget	August 31, 2020 Actual	March 31, 2020 Actual
Annual surplus	\$ 10,859	\$ 15,591	\$ 57,315
Acquisition of tangible capital assets	-	(119,308)	(59,556)
Amortization of tangible capital assets	-	788	1,339
Use (acquisition) of prepaid expenses	-	(1,132)	2,549
Increase (decrease) in net financial assets	10,859	(104,061)	1,647
Net financial assets, beginning of the period	140,127	140,127	138,480
Net financial assets, end of the period	\$ 150,986	\$ 36,066	\$ 140,127

The accompanying notes are an integral part of these financial statements.

RURAL MUNICIPALITY OF NEW HAVEN - RIVERDALE

Statement of Cash Flows

153-day period ended August 31, 2020, with comparative figures for year ended March 31, 2020
(Note 6)

	August 31, 2020	March 31, 2020
Cash flows from operating activities		
Cash receipts from property owners and funding	\$ 39,504	\$ 91,241
Cash paid to suppliers and employees	(41,564)	(66,167)
	(2,060)	25,074
Cash flows from capital activities		
Purchase of tangible capital assets	(76,181)	(59,556)
Government transfers received for capital	15,907	29,789
	(60,274)	(29,767)
Decrease in cash position	(62,334)	(4,693)
Cash, beginning of the year	140,782	145,475
Cash, end of the year	\$ 78,448	\$ 140,782

The accompanying notes are an integral part of these financial statements.

RURAL MUNICIPALITY OF NEW HAVEN - RIVERDALE

Notes to Financial Statements

153-day period ended August 31, 2020

1. Significant accounting policies:

(a) Nature of operations:

The Rural Municipality of New Haven - Riverdale ("the Municipality") was incorporated in 1974 under the Prince Edward Island Municipal Government Act. Its principal activities include the provision of local government services to residents of the incorporated area. These services include community development, land development and zoning and additional municipal services.

(b) Basis of accounting:

The financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards (PSAS).

(c) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts directly attributable to the acquisition or construction of the tangible capital asset. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded using the declining balance method commencing once the asset is available for productive use as follows:

Asset	Rate
Park infrastructure	20%
Playground equipment	20%
Computer equipment	30%
Trail system	20%

(d) 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 excess of revenue over expenses, provides the change in net financial assets for the year.

RURAL MUNICIPALITY OF NEW HAVEN - RIVERDALE

Notes to Financial Statements

153-day period ended August 31, 2020

1. Significant accounting policies (continued):

(e) Revenue recognition:

Property tax billings are received directly from the Province of Prince Edward Island. Taxes are billed based on the assessment rolls provided by the Province at rates set by the Municipality. Taxation revenue is recorded as it is received in monthly installments from the Province. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

Sales of service and other revenue are recognized on an accrual basis.

(f) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are used in the determination of the useful lives of tangible capital assets.

(g) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

RURAL MUNICIPALITY OF NEW HAVEN - RIVERDALE

Notes to Financial Statements

153-day period ended August 31, 2020

2. Cash:

	August 31, 2020	March 31, 2020
Credit Union share account	\$ 11	\$ 11
Credit Union operating account	35,908	49,678
Credit Union savings account - gas tax reserve	41	15,619
Credit Union savings account - legal reserve	-	8,012
Credit Union savings account - election reserve	2	2
Credit Union savings account - contingency reserve	1	1
Credit Union savings account - capital reserve	42,485	67,459
	\$ 78,448	\$ 140,782

3. Accumulated surplus:

Accumulated surplus consists of unrestricted and restricted amounts as follows:

	August 31, 2020	March 31, 2020
Unrestricted surplus	\$ 37,683	\$ 49,519
Invested in tangible capital assets	200,375	81,855
Internally restricted - capital reserve	-	67,459
Internally restricted - defence reserve	-	8,012
Internally restricted - park reserve - soccer pitch and walking trails	-	15,619
Internally restricted - contingency reserve	-	1
Internally restricted - election reserve	-	2
	\$ 238,058	\$ 222,467

RURAL MUNICIPALITY OF NEW HAVEN - RIVERDALE

Notes to Financial Statements

153-day period ended August 31, 2020

4. Government transfers:

	August 31, 2020	March 31, 2020
Government transfers for operations:		
Provincial municipal support grant	\$ 6,092	\$ 13,581
	<u>\$ 6,092</u>	<u>\$ 13,581</u>
Government transfers for capital:		
Gas tax - Notional Allocation Capital Investment Plans	\$ 14,916	\$ 29,832
Municipal Capital Expenditure Grant	10,547	5,448
	<u>\$ 25,463</u>	<u>\$ 35,280</u>

5. Subsequent amalgamation and comparative figures:

On September 1, 2020, the Rural Municipality of New Haven-Riverdale amalgamated with four neighbouring municipalities to form the newly amalgamated Rural Municipality of West River.

The pre-amalgamation stub period ending August 31, 2020 for the Rural Municipality of New Haven-Riverdale is a 5-month period where as the comparative figures are based on a 12-month year ending March 31, 2020.

RURAL MUNICIPALITY OF NEW HAVEN - RIVERDALE

Schedule 1 - Tangible Capital Assets

153-day period August 31, 2020, with comparative figures for the year ended March 31, 2020 (Note 6)

	Cost beginning of the year	Additions	Disposals and write downs	Cost end of the year	Accumulated amortization beginning of the year	Disposals and write downs	Amortization	Accumulated amortization end of the year	Net book value August 31, 2020	Net book value March 31, 2020
Land	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ 7,500	\$ 7,500
Playground equipment	28,249	-	-	28,249	25,266	-	249	25,515	2,734	2,983
Park infrastructure	5,885	-	-	5,885	4,344	-	128	4,472	1,413	1,541
Computer	815	-	-	815	330	-	61	391	424	485
Soccer field under construction	69,346	110,909	-	180,255	-	-	-	-	180,255	69,346
Trail system	-	8,399	-	8,399	-	-	350	350	8,049	-
	\$ 111,795	\$ 119,308	\$ -	\$ 231,103	\$ 29,940	\$ -	\$ 788	\$ 30,728	\$ 200,375	\$ 81,855