

Financial Statements of

# **RURAL MUNICIPALITY OF YORK**

Year ended March 31, 2024



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## INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Rural Municipality of York

### Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at March 31, 2024, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

Effective April 1, 2022, the Municipality was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded under assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. As of the audit report date, management has not completed its assessment of the Municipality's tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2024 and 2023, tangible capital assets and the asset retirement obligation as at March 31, 2024 and 2023, and accumulated surplus as at April 1 and March 31 for both the 2024 and 2023 years.



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 qualified 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  
October 18, 2024

# RURAL MUNICIPALITY OF YORK

## Statement of Financial Position

March 31, 2024 with comparative figures for March 31, 2023

	2024	2023
<b>Financial Assets</b>		
Cash	\$ 63,602	\$ 51,611
Accounts receivable (Note 3)	11,848	3,381
	75,450	54,992
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	15,752	3,053
Deferred revenue (Note 5)	1,250	-
	17,002	3,053
Net financial assets	58,448	51,939
<b>Non-financial Assets</b>		
Prepaid expenses	1,641	1,377
Tangible capital assets (Page 10)	85,567	63,208
	87,208	64,585
Accumulated surplus	\$ 145,656	\$ 116,524

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

On Behalf of the Council:

\_\_\_\_\_ Councillor

\_\_\_\_\_ Councillor

# RURAL MUNICIPALITY OF YORK

## Statement of Operations

Year ended March 31, 2024

	Budget (Note 6)	2024	2023
<b>Revenue:</b>			
Property taxes	\$ 61,000	\$ 69,828	\$ 56,569
Equilization grant	6,500	8,144	7,521
Hall rental	7,500	7,401	6,973
Gas tax	-	42,701	12,007
Other government income	-	17,125	14,947
Interest	-	909	217
	75,000	146,108	98,234
<b>Expenses:</b>			
<b>Administration</b>			
Administrative	9,000	12,499	10,081
Advertising and promotion	1,375	138	302
Council	3,000	3,250	1,500
Elections	-	-	289
Fire dues	23,413	34,674	25,701
Interest and bank charges	200	74	72
Office	900	4,286	1,082
Professional fees	4,500	8,343	4,015
Property tax	25	29	29
Utilities	1,020	1,377	1,281
Emergency Measures Organizations	816	-	-
<b>Facilities and public property</b>			
Amortization	-	6,739	4,487
Electricity	4,100	6,284	4,491
Heat	1,500	2,187	993
Insurance	8,500	9,399	7,756
Property manager	7,000	9,750	960
Repairs and maintenance	2,800	9,435	22,020
Special events	2,300	-	-
Snow removal	5,000	6,184	5,940
Waste disposal	1,000	2,328	-
	76,449	116,976	90,999
Annual surplus (deficit)	(1,449)	29,132	7,235
Accumulated surplus, beginning of the year	116,524	116,524	109,289
Accumulated surplus, end of the year	\$ 115,075	\$ 145,656	\$ 116,524

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

# RURAL MUNICIPALITY OF YORK

## Statement of Change in Net Financial Assets

Year ended March 31, 2024

	Budget (Note 5)	2024	2023
Annual surplus (deficit)	\$ (1,449)	\$ 29,132	\$ 7,235
Acquisition of tangible capital assets	-	(29,098)	(23,895)
Amortization of tangible capital assets	-	6,739	4,487
	(1,449)	6,773	(12,173)
Acquisition of prepaid expenses	-	(264)	(352)
Change in net financial assets	(1,449)	6,509	(12,525)
Net financial assets, beginning of the year	51,939	51,939	64,464
Net financial assets, end of the year	\$ 50,490	\$ 58,448	\$ 51,939

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

# RURAL MUNICIPALITY OF YORK

## Statement of Cash Flows

Year ended March 31, 2024

	2024	2023
Cash flows from (used in) operating activities:		
Cash receipts from property owners and funding	\$ 136,842	\$ 85,519
Cash paid to suppliers and employees	(96,662)	(90,046)
Interest received	909	217
	41,089	(4,310)
Cash flows used in capital activities:		
Purchase of tangible capital assets	(29,098)	(23,895)
Increase (decrease) in cash position	11,991	(28,205)
Cash, beginning of the year	51,611	79,816
Cash, end of the year	\$ 63,602	\$ 51,611

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



# RURAL MUNICIPALITY OF YORK

## Notes to Financial Statements

Year ended March 31, 2024

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### 1. Significant accounting policies:

#### (a) Management's responsibility for the financial statements:

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

The Rural Municipality of York was incorporated in 1986 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) Tangible capital assets:

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

Asset	Rate
Buildings	4%
Equipment	20%
Computer equipment	55%
Signage	10%

# RURAL MUNICIPALITY OF YORK

## Notes to Financial Statements

Year ended March 31, 2024

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### 1. Significant accounting policies (continued):

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipality's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

#### (c) 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 change in net financial assets for the year.

#### (d) 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.

Revenue from transactions with no performance obligations is recognized at net realizable value when the Municipality has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations such as hall rental is recognized when the organization satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor. Deferred revenue is recognized when hall rental is received in advance.

# RURAL MUNICIPALITY OF YORK

## Notes to Financial Statements

Year ended March 31, 2024

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### 1. Significant accounting policies (continued):

#### (e) Financial instruments:

Cash and equity investments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and short-term investments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

For the financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

#### (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. Significant estimates made by management in the preparation of these financial statements include the estimated useful lives of tangible capital assets and the resulting estimates for amortization expense.

#### (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 YORK

## Notes to Financial Statements

Year ended March 31, 2024

### 2. Restricted cash:

Cash balances include \$40,647 (2023 - \$11,759) which consists of funds restricted for use under the Canada Community-Building Fund ("CCBF", formerly the Federal Gas Tax Fund).

### 3. Accounts receivable:

	2024	2023
Trade	\$ 5,398	\$ 650
HST	6,450	2,731
	\$ 11,848	\$ 3,381

### 4. Accounts payable and accrued liabilities:

	2024	2023
Trade	\$ 10,166	\$ 2,415
Payroll remittances	5,586	638
	\$ 15,752	\$ 3,053

### 5. Deferred revenue:

	2024	2023
Balance, beginning of the year	\$ -	\$ 12,007
Hall rental revenue received during the year	1,250	-
	-	12,007
Recognized as revenue	-	(12,007)
Balance, end of the year	\$ 1,250	\$ -

# RURAL MUNICIPALITY OF YORK

## Notes to Financial Statements

Year ended March 31, 2024

### 6. Budget:

The budget adopted by Council for the year was not prepared on a basis consistent with that used to report actual results. As a result, the budget figures presented on the statements of operations and change in net financial assets represent the budget adopted by Council with adjustments as follows:

		2024
Budgeted annual surplus	\$	551
Less: HST rebate budgeted		(2,000)
	\$	(1,449)

### 7. Financial Instruments:

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The municipality is exposed to credit risk through its accounts receivable. Credit risk arises from these instruments due to possible financial loss. Credit risk has increased from the prior year due to the increase in overall accounts receivable.

The municipality's maximum exposure to credit risk at the financial statement date is the carrying value of its accounts receivable presented on the statement of financial position.

# RURAL MUNICIPALITY OF YORK

## Schedule of Tangible Capital Assets

Year ended March 31, 2024

	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 2024	Net book value 2023
Land	\$ 9,506	\$ -	\$ -	\$ 9,506	\$ -	\$ -	\$ -	\$ -	\$ 9,506	\$ 9,506
Community Center	31,431	14,767	-	46,198	5,132	-	1,346	6,478	39,720	26,299
Equipment	27,147	-	-	27,147	8,132	-	3,803	11,935	15,212	19,015
Computer Equipment	2,525	-	-	2,525	2,450	-	41	2,491	34	75
Signage	8,752	14,331	-	23,083	439	-	1,549	1,988	21,095	8,313
	\$ 79,361	\$ 29,098	\$ -	\$ 108,459	\$ 16,153	\$ -	\$ 6,739	\$ 22,892	\$ 85,567	\$ 63,208