

Cape Breton Regional Municipality
Consolidated Financial Statements
March 31, 2023

Cape Breton Regional Municipality Consolidated Financial Statements

For the year ended March 31, 2023

	Page
Management's Responsibility for the Consolidated Financial Statements	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations and Accumulated Surplus	3
Consolidated Statement of Change in Net Debt	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6
Consolidated Schedule of Long-term Debt	22
Consolidated Schedule of Segment Disclosure	23
Schedule of Remuneration and Reportable Expenses of Council and Chief Administrative Officer	25
Schedule of Remuneration and Reportable Expenses of Senior Staff	26
Supplemental Schedules	
Schedule of Operating Fund and Change in Fund Balance (unaudited)	27
Schedule of Water Utility Operating Fund and Change in Fund Balance (unaudited)	28
Schedule of Capital Fund and Change in Fund Balance (unaudited)	29
Schedule of Water Utility Capital Fund and Change in Fund Balance (unaudited)	30
Schedule of Port of Sydney Development Corporation Operating Fund and Change in Fund Balance (unaudited)	31
Schedule of Reserve Funds and Change in Fund Balance (unaudited)	32
Schedule of Water Utility Reserve Funds and Change in Fund Balance (unaudited)	33

To Her Worship the Mayor and Members of Council of Cape Breton Regional Municipality:

Opinion

We have audited the consolidated financial statements of Cape Breton Regional Municipality and its subsidiaries (the "Municipality"), on pages 2-26, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of financial activities, changes in net debt and cash flows 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 consolidated financial position of the Municipality as at March 31, 2023, and the results of its consolidated financial position, changes in its net debt and its consolidated 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 27 - 33 is presented for the purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of the consolidated financial statements 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 the 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 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Sydney, Nova Scotia
October 29, 2024

MNP LLP
Chartered Professional Accountants

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Cape Breton Regional Municipality (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 2 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.

The Municipality's 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.

The audit committee meets 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 MNP LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.


Jennifer Campbell, Chief Financial Officer



Cape Breton Regional Municipality Consolidated Statement of Financial Position

As at March 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents (note 3)	\$ 52,428,301	\$ 80,022,594
Taxes receivable (note 4)	16,332,757	17,072,389
Accounts receivable (note 5)	33,868,127	21,643,656
Due from trust fund (Note 13)	-	737,817
	<u>102,629,185</u>	<u>119,476,456</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 6)	37,883,065	32,194,541
Due to trust funds (Note 13)	17,064	-
Deferred revenue	682,576	314,089
Accrued employee benefits	6,186,993	7,080,477
Solid waste management facilities liabilities	-	56,294,281
Asset retirement obligation (note 7)	41,430,768	-
Capital lease (note 8)	486,232	44,949
Long-term debt (note 9)	85,000,433	103,562,470
	<u>171,687,131</u>	<u>199,490,807</u>
NET DEBT	<u>(69,057,946)</u>	<u>(80,014,351)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	466,939,369	456,001,228
Tangible capital assets - work in progress	49,265,230	25,880,644
Properties acquired at tax sale	1,585,197	1,585,197
Inventory, prepaid expenses and other	2,632,146	2,159,269
	<u>520,421,942</u>	<u>485,626,338</u>
ACCUMULATED SURPLUS (note 11)	<u>\$ 451,363,996</u>	<u>\$ 405,611,987</u>

Contingencies (note 14)

See accompanying notes to consolidated financial statements.

On behalf of the Cape Breton Regional Municipality

 Mayor

 Clerk



Cape Breton Regional Municipality

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2023

	Budget	2023	2022
REVENUES			
Taxes	\$ 117,421,345	\$ 119,087,257	\$ 118,064,148
Grants in lieu of taxes	9,204,942	9,396,051	9,436,816
Services provided to other governments	801,140	1,145,521	801,142
Sales of services	3,950,500	4,172,309	1,796,453
Revenue from own sources	5,937,677	6,875,028	6,260,059
Unconditional transfers from other governments	15,835,838	15,851,979	31,175,896
Conditional transfers from other governments	4,352,027	4,754,023	4,631,957
Capital grants	—	28,941,146	46,285,894
Water Utility revenue	19,634,619	20,322,661	20,119,683
Investment income	—	794,255	112,102
Port of Sydney Development Corporation	2,045,075	2,301,872	703,090
Gain on sale of properties	—	336,330	5,094,938
Disaster recovery	—	6,213,522	—
	179,183,163	220,191,954	244,482,178
EXPENSES			
General government services	19,997,192	17,022,224	15,594,812
Protective services	49,822,515	49,198,662	47,362,953
Transportation services	39,678,273	56,957,968	44,190,601
Environmental health services (Note 1)	18,293,390	(1,093,515)	21,978,260
Public health and welfare services	2,575,632	2,721,969	2,320,861
Environmental development services	1,439,798	1,226,578	1,351,472
Recreation and cultural services	11,764,237	13,278,176	11,558,525
Planning and development services	—	762,237	736,471
Educational services	15,534,507	15,534,623	15,282,089
Port of Sydney Development Corporation	1,694,916	2,078,014	1,586,256
Water Utility expenses	14,053,073	16,753,009	16,277,792
	174,853,533	174,439,945	178,240,092
ANNUAL SURPLUS	\$ 4,329,630	45,752,009	66,242,086
ACCUMULATED SURPLUS, BEGINNING OF YEAR		405,611,987	339,369,901
ACCUMULATED SURPLUS, END OF YEAR	\$	\$ 451,363,996	\$ 405,611,987

See accompanying notes to consolidated financial statements.

Cape Breton Regional Municipality
Consolidated Statement of Change in Net Debt

For the year ended March 31, 2023

	Budget	2023	2022
ANNUAL SURPLUS	\$ 4,329,630	\$ 45,752,009	\$ 66,262,086
Tangible capital assets			
Acquisition of tangible capital assets	72,919,699	(31,820,918)	(45,265,735)
Proceeds on disposal of tangible capital assets	—	336,330	5,094,938
Amortization of tangible capital assets	—	20,882,777	20,332,281
Gain on disposal of tangible capital assets	—	(336,330)	(5,094,938)
	72,919,699	(10,938,141)	(24,933,454)
Other non-financial assets			
Increase in work in progress	—	(23,384,586)	6,534,360
Decrease (increase) in inventory, prepaid			
Expenses and other	—	(472,877)	69,456
	—	(23,857,463)	6,603,816
DECREASE IN NET DEBT	77,249,329	10,956,405	47,912,448
NET DEBT, BEGINNING OF YEAR		(80,014,351)	(127,926,799)
NET DEBT, END OF YEAR	\$	\$ (69,057,946)	\$ (80,014,351)

See accompanying notes to consolidated financial statements.

Cape Breton Regional Municipality
Consolidated Statement of Cash Flows

For the year ended March 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 45,752,009	\$ 66,242,086
Items not involving cash		
Amortization of tangible capital assets	20,882,777	20,332,281
Gain on disposal of tangible capital assets	(336,330)	(5,094,938)
Change in non-cash working capital		
Taxes receivable	739,632	(1,934,621)
Accounts receivable	(12,224,471)	(3,596,542)
Inventory, prepaid expenses and other	(472,877)	69,456
Accounts payable and accrued liabilities and accrued interest	5,688,524	3,035,607
Solid waste management facilities liability	(56,294,281)	1,727,819
Deferred revenue	368,487	(4,270)
Accrued employee benefits	(893,484)	88,772
Asset retirement obligation	41,430,768	—
	44,640,754	80,865,650
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease (increase) in due from trust fund	754,881	(748,635)
Issuance of long-term debt	12,165,705	19,941,740
Principal payments on long-term debt	(30,727,742)	(25,614,068)
Repayment of capital lease	(127,111)	(66,036)
	(17,934,267)	(6,486,999)
CASH FLOWS FROM CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(31,252,524)	(45,265,735)
Proceeds on disposal of tangible capital assets	336,330	5,094,938
Decrease (increase) in work in progress	(23,384,586)	6,534,360
	(54,300,780)	(33,636,437)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,594,293)	40,742,214
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	80,022,594	39,280,380
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 52,428,301	\$ 80,022,594

SUPPLEMENTAL CASH FLOW INFORMATION

<u>Tangible capital assets acquired through capital leases</u>	<u>\$ 568,394</u>	<u>\$ —</u>
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See accompanying notes to consolidated financial statements.

Cape Breton Regional Municipality **Notes to Consolidated Financial Statements**

For the year ended March 31, 2023

1. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2022, the Municipality adopted PS3280 – Asset retirement obligations as set out in the Canadian public sector accounting standards. The new accounting standard addresses the reporting of legal or contractual obligations associated with the retirement of certain capital assets and replaces existing standard PS3270 – Solid Waste Landfill Closure and Post-Closure Liability. In accordance with the transition provision of PS3280, the change in policy was adopted on the prospective basis as of April 1, 2022.

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

- A decrease to the solid waste management facilities liabilities of \$56,294,281 under the former standard with an offsetting decrease to environmental health service expenses.
- An increase to asset retirement obligation of \$41,627,954, an increase to tangible capital assets of \$6,323,835 for liabilities associated with assets still in use and an increase to expenses of \$35,304,119 for assets which are not considered to have a future useful life.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements of the Cape Breton Regional Municipality (the "Municipality") have been prepared, in all material respects, in accordance with Canadian public sector accounting standards.

(b) Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in fund balances of all funds of the Municipality. The Municipality is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and that are owned or controlled by the Municipality. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included are as follows:

- Operating, capital and reserve funds of the Cape Breton Regional Municipality
- Operating, capital and reserve funds of the Cape Breton Regional Municipality Water Utility
- Port of Sydney Development Corporation

(c) Segment information

The Cape Breton Regional Municipality is a diversified entity that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual and was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipality services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

Cape Breton Regional Municipality Notes to Consolidated Financial Statements

For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Segment information (continued)

General government services

This segment is responsible for the overall local government administration and delivery of public health and welfare services. Its tasks include direction for Municipality services, such as planning, engineering, finance, and information technology in adherence to the Municipal Government Act.

Port of Sydney Development Corporation

This segment is responsible for the operations of the Port of Sydney, through its subsidiary Port of Sydney Development Corporation.

Protective services

This segment is primarily responsible for police, fire protection and bylaw administration for its residents.

Transportation services

The Municipality is responsible for the maintenance of certain local roads, sidewalks and street lights within its jurisdiction.

Environmental health services

This segment is responsible for the maintenance and operations of waste, sewer and stormwater services provided to residents and other customers. Its tasks include the provision of waste collection, recycling and composting through a combination of its own and contracted workforces.

Recreation and cultural services

This segment is responsible for promoting and offering recreation opportunities and activities to the Municipality's residents, specializing in maintaining and assisting recreational facilities within the Municipality such as parks, arenas and libraries.

Development services

This segment is responsible for land use planning, issuance of development permits and approving subdivision applications in accordance with the Municipal Planning Strategy.

Educational services

This segment is responsible for the collection of education rates on behalf of the Province of Nova Scotia.

Water Utility

This segment manages water treatment and distribution facilities and services within the Municipality and includes activities such as plant operation and pumping, water treatment, transmission and distribution.

Cape Breton Regional Municipality Notes to Consolidated Financial Statements

For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) School boards

The assets, liabilities, taxation and other revenues and expenses with respect to the operations of the school boards are not reflected in these consolidated financial statements as they are provincial government entities.

School boards in Nova Scotia were created by the Province under provisions in the Education Act, and, under provincial statute, every municipality is required to make a mandatory contribution to its school board. The mandatory contribution is set at the value of the Education Rate, set by the Province each year, multiplied by the previous year's Uniform Assessment. The funding for this contribution to the Cape Breton-Victoria Regional School Board are recovered by the municipality by an area rate levied on the assessed value of the taxable property and business occupancy assessments and is shown as an expense on the consolidated statement of financial activities.

(e) Trust funds

Trust funds and their related operations administered by the Municipality are not included in the consolidated financial statements, but are reported separately in the Trust Funds financial statements.

(f) Fund accounting

The resources and operations of the Municipality are comprised of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. Supporting schedules to the consolidated financial statements are included to show the financial activities and change in the balance of each fund.

(g) Basis of accounting

Revenues and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(h) Cash and cash equivalents

The Municipality considers cash on hand, deposits held in banks net of outstanding cheques and deposits and temporary lines of credit and overdrafts as cash and cash equivalents.

(i) Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payables and accrued liabilities, due to (from) trust fund and long-term debt.

Cape Breton Regional Municipality Notes to Consolidated Financial Statements

For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement

At each reporting date, the Municipality measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Municipality uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues and expenses. The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable, accounts payables and accrued liabilities, due to (from) trust fund and long-term debt.

Impairment

For financial assets measured at cost or amortized cost, the Municipality regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Municipality determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest or credit risks arising from financial instruments.

A statement of remeasurement gains and losses has not been included in these financial statements as it would not contain any balances or transactions.

(i) Tangible capital assets

Tangible capital assets acquired since amalgamation on August 1, 1995 are reported in the statement of financial position at cost net of accumulated amortization. All tangible capital assets acquired prior to amalgamation have been written off. They are amortized on a straight-line basis over their estimated useful lives at the following rates:

	Basis	Rate
General Fund		
Buildings	Straight-line	40 years
Equipment	Straight-line	5-10 years
Streets	Straight-line	50 years
Sidewalks	Straight-line	20 years
Traffic lights	Straight-line	20 years
Recreation facilities	Straight-line	5-40 years
Industrial parks	Straight-line	40 years
Waterfront development	Straight-line	50 years
Wharf – Sydney Marine Terminal	Straight-line	25 years
Garbage collection and disposal	Straight-line	25 years
Sewer collection and disposal	Straight-line	50 years
Water fund		
Structures and improvements	Straight-line	75 years
Equipment	Straight-line	5-20 years
Mains	Straight-line	75 years
Services and other	Straight-line	50 years
Meters	Straight-line	20 years
Hydrants	Straight-line	50 years

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Basis	Rate
Port of Sydney Development Corporation		
Equipment and signs	Declining balance	20 – 30%
Building	Declining balance	5%
Compound	Declining balance	5%
Exhibits	Declining balance	20%
Computer equipment	Declining balance	30%

(j) Reserve funds

Certain amounts, as approved by Council of the Municipality, are set aside in reserve funds for future operating and capital purposes. Transfers to and or from reserves funds are an adjustment to the respective fund when approved.

(k) Government transfers

The Municipality recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Municipality recognizes revenues as the liability is settled.

(l) Deferred revenue

Deferred revenue represents user charges, prepayment of taxes, and other fees that have been collected, for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(m) Taxation and related revenues

Property tax billings are prepared by the Municipality based on assessment rolls determined in accordance with Province of Nova Scotia legislation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and the requisition made by the Province in respect of education taxes. Taxation revenues are recorded at the time tax billings are due. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known. An allowance for unresolved assessment appeals is also provided.

(n) Port of Sydney Development Corporation revenue recognition

The Port of Sydney Development Corporation recognizes revenue from the commercial operations of the Port of Sydney is recognized when the services are provided and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Amounts received in advance of the provision of services are recorded as deferred revenue.

Restricted contributions for the purchase of capital assets are recognized in the year in which the capital assets have been purchased and all liabilities relating to the asset have been cleared. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cape Breton Regional Municipality Notes to Consolidated Financial Statements

For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee future benefits

Employees of the Municipality participate in the Public Service Superannuation Plan ("PSSP"), a contributory pension plan administered by the Pension Services Superannuation Plan Trustee Incorporated, which provides pension benefits based on length of service and earnings. The Municipality is not obligated for any unfunded liability, nor is the Municipality entitled to any surplus that may arise in the PSSP. Employer contributions are recognized as an expense in the period.

(p) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingencies and the reported amounts of revenue and expenses in the consolidated financial statements and accompanying notes.

Amortization is based on the estimated useful lives of tangible capital assets.

Taxes, rates and other receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Asset retirement obligations are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the years in which they become known.

(q) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal or contractual obligation for the Municipality to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset. For asset retirement obligations associated with tangible capital assets no longer in productive use, the Municipality recognizes an expense of the same amount as the liability.

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At each financial reporting date, the Municipality reviews the carrying amount of the liability. The Municipality recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

3. CASH AND CASH EQUIVALENTS

	2023	2022
Operating funds	\$ 11,301,878	\$ 45,680,283
Reserves funds	74,487,157	61,250,926
Capital funds	(34,397,172)	(27,639,589)
Port of Sydney Development Corporation	1,036,438	730,974
	\$ 52,428,301	\$ 80,022,594

4. TAXES RECEIVABLE

	2023	2022
Gross taxes receivable, beginning of year	\$ 20,147,280	\$ 17,661,396
Current year's levy of property taxes	113,370,498	112,194,126
Subtotal	133,517,778	129,855,522
Less		
Current year's collections	113,380,421	110,150,733
Reduced taxes	729,709	108,773
Allowance	838,344	(551,264)
Gross taxes receivable, end of year	18,569,304	20,147,280
Less		
Allowance for uncollectible taxes	2,236,547	3,074,891
Taxes receivable, net	\$ 16,332,757	\$ 17,072,389

5. ACCOUNTS RECEIVABLE

	2023	2022
Federal government	\$ 11,259,662	\$ 5,316,719
Provincial government	10,689,564	5,332,467
Due from general public	2,556,768	2,212,058
Water rates receivable	10,830,329	10,571,319
	35,336,323	23,432,563
Less allowance for doubtful accounts		
Operating	598,638	893,578
Water rates	869,558	895,329
	1,468,196	1,788,907
	\$ 33,868,127	\$ 21,643,656

Cape Breton Regional Municipality Notes to Consolidated Financial Statements

For the year ended March 31, 2023

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade accounts payable	\$ 27,743,971	\$ 21,869,497
Payroll and related	1,770,039	1,892,191
Accrued liabilities	5,069,883	5,433,583
Tax sale trust	3,299,172	2,999,270
	\$ 37,883,065	\$ 32,194,541

7. ASSET RETIREMENT OBLIGATIONS

(a) Solid Waste Management Facilities Liabilities

The Nova Scotia Environmental Protection Act established regulatory requirements for the closure and long-term maintenance of landfill sites. A requirement of the Act is that the Municipality is required to plan and provide closure and post closure maintenance of their landfill sites.

Within the former municipal units of the CBRM, there were six major former municipal landfills operated by these units. The included Sydney landfill, County of Cape Breton landfill & incineration facility, Woodbine landfill operated by the County of Cape Breton, No. 11 landfill in Glace Bay, the Louisbourg landfill, New Waterford landfill operated near Scotchtown and seven other small sites in Dominion, Sydney Mines and Glace Bay.

Two of the larger landfills, Sydney landfill and the No. 11 landfill in Glace Bay were considered properly closed in the 1990's, however, there are still 4 somewhat major landfills and several small sites that require varying degrees of monitoring and/or closure activities as per the regulations.

Activities required for these sites vary and include but are not limited to groundwater monitoring, well installation and monitoring, site delineation, site security, landfill gas delineation, leachate quality monitoring and possible treatment, site capping and general site tidiness.

The assumed estimated cost for proper monitoring, planning, closure and post closure activities for these sites is \$35,374,959 which have been discounted to the present value using a discount rate of 4.00% per annum. The estimate is based on the costs per hectare associated with the closure of the Sydney landfill extrapolated over remaining hectares to be closed, adjusted for inflationary considerations and discounted to current values.

(b) Asbestos obligation

The Municipality owns and operates several buildings that were constructed prior to 1991 which have been included under PS3280-Asset retirement obligations as it is unknown if asbestos is present. The uncertainty could present a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at March 31, 2023. The estimated cost for removal of asbestos have been discounted to the present value using a discount rate of 4.00% per annum. The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings capital asset carrying value.

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

7. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

(c) Wharves

The municipality owns several wharves that fall within PS 3280. Upon retirement of these facilities, there is an obligation to eliminate any environmental impact by removing and disposing of creosote treated lumber. Estimated costs have been discounted to the present value using a discount rate of 4.00% per annum. The transition and recognition of asset retirement obligations involved an accompanying increase to the wharves capital asset carrying value.

(d) Refrigerant

The municipality operates several facilities that fall within PS3280. Upon retirement of these facilities, there is an obligation to eliminate any environmental impact by removing and disposing of ozone depleting refrigerant materials. Estimated costs have been discounted to the present value using a discount rate of 4.00% per annum. The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings capital asset carrying value.

(e) Fuel tanks

The municipality owns and operates several buildings that contain above and underground tanks that fall within PS 3280. Upon retirement of these facilities, there is an obligation to eliminate any environmental impact and restore the land to its prior state. Estimated costs have been discounted to the present value using a discount rate of 4.00% per annum. The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings capital asset carrying value.

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

	2023
Opening balance	\$ —
Acquired upon adoption	41,627,954
Accretion expense	52,813
Liabilities settled	(249,999)
	\$ 41,430,768

8. CAPITAL LEASE

	2023	2022
Bank of Montreal, 2.50%, repaid during the year	\$ —	\$ 44,949
Bank of Montreal, 5.53%, repayable in monthly instalments of principal and interest of \$10,720 commencing July 2022, maturing June, 2027, secured by equipment with a net book value of \$470,038.	486,232	—
	\$ 486,232	\$ 44,949

Cape Breton Regional Municipality Notes to Consolidated Financial Statements

For the year ended March 31, 2023

8. CAPITAL LEASE (CONTINUED)

Minimum lease payments required in the next 5 (five) years under capital lease are as follows:

Year ended March 31,	
2024	\$ 128,642
2025	128,642
2025	128,642
2027	128,642
2028	32,160
	<u>546,728</u>
Interest included in minimum payments	60,496
	<u>\$ 486,232</u>

9. LONG-TERM DEBT

The schedule attached to the consolidated financial statements details the various terms and conditions related to the long-term debt.

Principal payments required in each of the next five years on debt held as at March 31, 2023 are as follows:

2024	\$ 15,950,565
2025	10,482,295
2026	12,902,295
2027	7,902,295
2028	<u>7,277,895</u>

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

10. TANGIBLE CAPITAL ASSETS, GENERAL CAPITAL

	2023					2022				
	Cost Beginning of Year	Additions and Transfers	Disposals and Write-downs	Cost End of Year	Amortization Beginning of Year	Additions	Disposals	Amortization End of Year	Net Book Value	Net Book Value
Land	\$ 14,077,203	\$ 185,142	\$ -	\$ 14,262,345	\$ -	-	-	\$ -	\$ 14,262,345	\$ 14,077,203
Buildings										
General government services	9,733,954	617,672	-	10,351,626	3,733,301	261,363	-	3,994,664	6,358,962	6,000,653
Protective services	18,959,407	349,599	-	19,309,006	2,834,839	488,449	-	3,323,288	15,985,718	16,124,568
Transportation services	11,441,645	192,547	-	11,634,192	3,189,673	292,027	-	3,481,700	8,152,492	8,251,972
Environmental services	33,238,344	22,630	-	33,260,974	12,448,388	831,525	-	13,277,913	19,983,061	20,791,958
Recreation and cultural services	29,271,865	28,041	-	29,299,906	7,201,606	733,670	-	7,935,276	21,364,630	22,070,259
Industrial parks	1,084,104	-	-	1,084,104	556,712	27,103	-	583,815	500,289	527,382
Asset retirement obligation	-	699,727	-	699,727	-	-	-	-	699,727	-
	103,729,319	1,910,218	-	105,639,535	29,962,519	2,634,137	-	32,596,656	73,042,879	73,766,800
Equipment										
General government services	3,007,560	-	-	3,007,560	2,908,024	33,179	-	2,941,203	66,357	99,536
Protective services	19,168,195	2,145,758	-	21,313,953	17,377,528	1,085,221	-	18,462,749	2,851,204	1,790,687
Public works	46,840,219	4,116,777	-	50,956,996	33,230,743	3,513,052	-	36,743,795	14,013,201	13,409,476
Environmental health services	13,850,203	15,272	-	13,865,475	13,794,609	17,135	-	13,811,744	53,731	55,594
Recreation and cultural services	1,921,819	-	-	1,921,819	1,728,479	61,936	-	1,790,415	131,404	193,340
	84,587,996	6,277,807	-	90,865,803	69,039,383	4,710,523	-	73,749,906	17,115,897	15,548,613
Other										
General government services	742,494	-	-	742,494	742,494	-	-	742,494	-	-
Road transport	204,095,551	9,148,321	-	213,228,576	78,112,784	5,578,085	-	83,688,869	129,553,003	125,982,767
Environmental health services	111,695,546	4,526,420	-	116,221,966	32,572,869	2,330,597	-	34,903,466	81,318,500	79,122,677
Recreation and cultural services	24,968,333	579,496	-	25,547,829	23,424,981	871,471	-	24,296,452	1,251,397	1,543,372
Waterfront development	8,975,401	173,777	-	9,149,178	4,471,404	184,235	-	4,655,639	4,493,539	4,503,997
Downtown development	1,697,526	831,078	-	2,528,604	438,071	55,875	-	493,946	2,034,658	1,259,455
Wharf - Sydney Marine Terminal	22,253,546	-	-	22,253,546	1,977,678	495,024	-	2,472,702	19,760,844	20,275,868
Water utility assets	180,701,298	2,924,976	-	183,626,244	65,253,819	3,706,905	-	68,960,724	114,665,520	115,447,449
Port of Sydney Development Corporation assets	11,190,694	249,915	-	11,440,609	6,717,687	317,925	-	7,035,592	4,405,017	4,473,027
Asset retirement obligation - landfill	-	5,015,770	-	5,015,770	-	-	-	-	5,015,770	-
	568,320,359	23,447,753	-	589,768,112	213,711,747	13,538,117	-	227,249,864	362,518,248	352,608,612
	\$ 768,714,877	\$ 31,820,918	\$ -	\$ 800,522,499	\$ 312,713,649	\$ 20,882,777	\$ -	\$ 333,596,426	\$ 468,939,369	\$ 456,001,228

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

11. ACCUMULATED SURPLUS

	2023	2022
General operating fund	\$ (4,650,518)	\$ (61,790,811)
Water operating fund	7,149,821	6,914,927
General capital fund	283,621,765	291,696,589
Water capital fund	106,342,731	101,557,631
Port of Sydney Development Corporation	4,392,613	4,018,078
	396,856,412	342,396,414
Reserves set aside by council	54,507,584	63,215,573
	\$ 451,363,996	\$ 405,611,987

12. EMPLOYEE FUTURE BENEFITS

a) Defined benefit plan

On January 26, 2018, the Municipality signed a transfer agreement with Public Service Superannuation Plan Trustee Incorporated ("PSSPTI") to transition its pension plan to the PSSP, a contributory multi-employer defined benefit pension plan administered by the PSSPTI, which provides pension benefits based on length of service and earnings. Prior to this, the Municipality Pension Plan was a defined benefit pension plan covering substantially all of its employees.

The PSSP is accounted for as a defined contribution plan as the obligation to pay retirement obligations does not reside with the Municipality.

Contributions to the Plan are required by both the employer and its employees. Total employer contributions for 2023 were \$4,806,840 (2022 - \$4,792,753) and are recognized as an expense in the period.

b) Defined Contribution Plan

The Cape Breton Regional Municipality also provides a defined contribution pension plan. Members of this plan and employees of the former municipalities prior to amalgamation in 1995 and part time employees to which compulsory membership is not directed to the CBRM DB Plan. The contribution rate is funded equally.

The contributions for 2023 were to \$132,672 (2022 - \$149,024).

c) Municipal clerks' pension

The Municipality is required, under provisions of the Municipal Government Act of the Province of Nova Scotia, to provide a non-contributory defined pension plan for Municipal Clerks in respect of years of service to March 31, 1993.

The liability will be periodically adjusted based on triennial actuarial valuation and differences, if any, between the actuarially determined liability and the liability as otherwise determined. This adjustment will be charged to future operations.

Based on the 2013 valuation, the Municipality had a plan surplus of \$59,000 on a going concern basis.

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

12. EMPLOYEE FUTURE BENEFITS (CONTINUED)

d) Other

The Municipality directly provides pension arrangements in respect of former employees. The cost of such pensions for 2023 was \$188,157 (2022 - \$181,631).

13. MISCELLANEOUS TRUST FUNDS

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2023 are \$5,017,091 (2022 - nil).

14. CONTINGENCIES

- a) As of March 31, 2023, there are a number of claims against the Municipality and its consolidated entities in varying amounts and for which provisions have been made in these financial statements as appropriate. It is not possible to determine the amounts that may ultimately be assessed against the Municipality with respect to these claims, but management believes that any such amounts would not have a material impact on the financial position of the Municipality.
- b) The Municipality is the plaintiff in various proceedings, which have arisen, in the normal course of carrying on its operations. It is not possible at this time to determine the amounts the Municipality may receive with respect to these claims.
- c) The Municipality has guaranteed a number of loans on behalf of various fire departments within CBRM. The total amount outstanding on these loans at March 31, 2023 is \$1,123,471 (2022 - \$1,155,548).
- d) The Municipality has guaranteed working capital borrowing on behalf of Seaview Manor Corporation at March 31, 2023 up to \$200,000 (2022 - \$200,000).
- e) Canadian Environmental Guidelines

Per regulations set forth by the Canadian Council of Ministers of the Environment (CCME) and required by the Nova Scotia Department of Environment, the Municipality is currently in the process of performing environmental risk assessments to meet necessary wastewater treatment guidelines. Upon completion, the timeline and estimated cost to meet these guidelines will be more definitive. The Municipality has obtained transitional authorizations extending to 2040.

As at March 31, 2023, the Municipality is not in compliance with certain CCME requirements.

15. TRANSFERS TO PROVINCIAL BOARDS AND COMMISSIONS

(a) Cape Breton Island Housing Authority

The Municipality shared in the operations of the Authority for the year ended March 31, 2023 in the amount of \$2,534,623 (2022 - \$2,136,004).

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

15. TRANSFERS TO PROVINCIAL BOARDS AND COMMISSIONS (CONTINUED)

(b) Assessment Services

The Municipality is required to pay a share of the cost of operating the provincial assessment system based on the total provincial assessment cost times the average of the Municipality's share of the Uniform Assessment and the Municipality's share of assessment accounts. For the year ended March 31, 2023, the Municipality's share of these costs was \$1,369,058 (2022 - \$1,390,867).

(c) Correctional Services

Municipalities in Nova Scotia are required to make a mandatory contribution to fund the cost of correctional services. The contribution is set by Provincial formula. For the year ended March 31, 2023, the Municipality's contribution for these costs was \$1,054,547 (2022 - \$1,066,680).

(d) The Cape Breton-Victoria Regional Centre for Education

The Municipality provided a mandatory contribution in the amount of \$15,534,623 (2022 - \$15,282,089) to the Cape Breton-Victoria Regional Centre for Education.

16. PORT OF SYDNEY DEVELOPMENT CORPORATION TRUST

On June 17, 2014, Enterprise Cape Breton Corporation, acting on behalf of the dredge oversight committee, entered into an agreement with the Sydney Ports Corporation (now the Port of Sydney Development Corporation) to transfer the remaining funds to lawyers trust for specific purposes. The Port of Sydney Development Corporation draws down the fund in compliance with the agreement.

As of March 31, 2023, \$178,185 (2022 - \$173,694) is being held in trust.

17. FINANCIAL INSTRUMENTS

(a) Fair values

The fair value of the Municipality's financial instruments that are comprised of cash (cheques issued in excess of funds on deposit), taxes receivable, accounts receivable, short-term borrowings, accounts payable and accrued liabilities and accrued interest on long-term debt approximate their carrying value due to their short-term nature.

The fair value of long-term debt is based on rates currently available to the Municipality with similar terms and maturities and approximates its carrying value.

(b) Credit risk

The Municipality is exposed to credit-related losses in the event residents and entities that the Municipality provides services to are unable to fulfill their obligations. The large number of residents and customers minimizes the credit risk.

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

17. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality's debentures are long term with fixed range of rates thereby mitigating its interest rate risk.

It is management's opinion that the Municipality is not exposed to significant interest, market or credit risks arising from these financial instruments.

18. SUBSEQUENT EVENT

On June 1, 2023, the Municipality acquired the deed and related assets of the Northside Community Civic Centre for \$1. In exchange, the Municipality has assumed all operations, including present and future obligations arising from the continued operation of the facility.

19. BUDGET INFORMATION

The disclosed budget information has been approved by the Mayor and Council at the council meeting on April 19, 2022.

20. COMPARATIVE FIGURES

Certain 2022 comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

Cape Breton Regional Municipality
Schedule of Long-term Debt
For the year ended March 31, 2023

	Term (years)	Interest rate - %	Matures	Balance March 31/22	Issued	Redeemed	Balance March 31/23
General Fund							
M.F.C.							
32-B-1	10	0.000-3.160	2023	379,700	—	379,700	—
33-B-1	10	0.000-3.614	2023	936,534	—	468,269	468,265
34-B-1	10	1.200-3.190	2024	3,990,000	—	1,330,000	2,660,000
35-A-1	10-20	1.040-3.449	2030	2,840,000	—	560,000	2,280,000
36-A-1	10	1.150-2.506	2026	3,122,000	—	624,400	2,497,600
37-A-1	10	1.734-3.073	2027	4,964,400	—	827,400	4,137,000
38-A-1	10	2.490-3.389	2028	8,382,499	—	1,197,500	7,184,999
FCM-1	10	2.250	2028	700,000	—	100,000	600,000
39-A-1	10	2.015 - 2.561	2029	8,200,000	—	1,025,000	7,175,000
40-A-1	10	0.400 - 2.376	2031	8,808,140	—	880,814	7,927,326
41-A-1	10	0.500 - 2.259	2031	11,133,600	—	1,113,360	10,020,240
42-B-1	10	3.847-4.177	2032	—	7,593,205	—	7,593,205
				53,456,873	7,593,205	8,506,443	52,543,635
M.F.C.							
Promissory note							
3	1.100		2024	28,168,597	—	14,084,299	14,084,298
Water Fund							
M.F.C.							
27-A-1	15	4.385-4.770	2023	5,487,000		5,487,000	—
28-A-1	15	3.750-5.088	2023	4,900,000	—	700,000	4,200,000
30-A-1	15	1.510-4.875	2025	6,750,000	—	750,000	6,000,000
33-A-1	10	1.330-2.979	2023	1,600,000	—	800,000	800,000
34-A-1	15	1.245-3.792	2029	3,200,000	—	400,000	2,800,000
42-A-1	5	2.575-3.290	2027	—	4,572,500	—	4,572,500
				21,937,000	4,572,500	8,137,000	18,372,500
				\$ 103,562,470	\$ 12,165,705	\$ 30,727,742	\$ 85,000,433

Cape Breton Regional Municipality
Consolidated Schedule of Segment Disclosure
For the year ended March 31, 2023

Segment reporting is designed to assist users in identifying the resources allocated to support the major activities of the municipality and to better understand the performance of segments.

The following schedule provides segment information for the 2023 and 2022 fiscal years. Segment results represent the activities of that segment and are based on the same accounting policies as described in the Significant Accounting Policies as described in Note 1. The Municipality has determined that the following segments represent the major activities of government.

Year ended March 31, 2023	General Government Services	Port of Sydney Development Corporation	Protective Services	Transportation Services	Environmental Health Services	Recreation and Cultural Services	Development Services	Educational Services	Water Utility	Total
REVENUES										
Taxation	\$ 77,043,180	\$ -	\$ 18,432,369	\$ 8,077,105	\$ -	\$ -	\$ -	\$ 15,534,623	\$ -	\$ 119,087,257
Grants in lieu of taxes	9,398,051	-	-	-	-	-	-	-	-	9,398,051
Services provided to other governments	-	-	1,145,521	-	-	-	-	-	-	1,145,521
Sales of services	76,440	-	-	2,109,901	-	1,985,968	-	-	-	4,172,309
Revenue from own sources	3,243,042	2,301,872	724,849	-	2,849,716	-	57,821	-	-	9,178,900
Unconditional transfers from other governments	15,851,979	-	-	-	-	-	-	-	-	15,851,979
Conditional transfers from other governments	-	144,177	4,609,846	-	-	-	-	-	-	4,754,023
Capital grants	9,222	-	-	4,969,099	23,333,488	629,339	-	-	-	28,941,148
Metared sales	-	-	-	-	-	-	-	-	19,322,036	19,322,036
Other water revenues	-	-	-	-	-	-	-	-	1,000,625	1,000,625
Investment income	794,255	-	-	-	-	-	-	-	-	794,255
Gain on sale of properties	329,830	6,500	-	-	-	-	-	-	-	336,330
Disaster financial assistance	6,213,522	-	-	-	-	-	-	-	-	6,213,522
	112,957,501	2,452,549	24,912,385	15,156,105	26,183,202	2,615,307	57,621	15,534,623	20,322,661	220,191,954
EXPENSES										
Salaries, wages and benefits	8,211,528	815,895	33,974,351	18,720,288	4,428,572	5,498,749	825,763	-	7,312,078	74,787,224
Interest on long-term debt	435,225	-	205,591	430,479	188,263	283,589	-	-	1,041,977	2,565,124
Materials, goods, supplies and utilities	952,836	473,800	1,773,752	5,728,185	2,198,839	2,600,971	18,175	-	5,479,049	19,225,407
Contracted services	868,718	11,381	830,139	6,526,557	10,735,969	402,582	172,544	-	1,658,290	21,206,180
Other operating expenses	4,240,005	444,992	9,786,812	11,834,375	3,901,147	2,040,235	210,096	-	2,525,310	34,982,772
External transfers and grants	4,091,026	-	1,054,547	-	-	803,800	-	15,534,623	-	21,483,996
ARO adjustment	650,512	-	-	4,350,218	(25,725,581)	1,172	-	-	30,124	(20,693,535)
Amortization	294,543	331,948	1,573,870	9,367,868	3,179,256	1,067,078	762,237	-	3,705,181	20,882,777
	19,744,193	2,076,014	49,198,662	58,957,968	(1,093,515)	13,278,176	1,988,815	15,534,623	16,753,009	174,439,945
ANNUAL SURPLUS (DEFICIT)	\$ 93,213,308	\$ 374,535	\$ (24,286,277)	\$ (41,801,863)	\$ 27,276,717	\$ (10,662,869)	\$ (1,931,194)	\$ -	\$ 3,569,652	\$ 45,752,009

Cape Breton Regional Municipality
Consolidated Schedule of Segment Disclosure
For the year ended March 31, 2022

Year ended March 31, 2022	General Government Services	Port of Sydney Development Corporation	Protective Services	Transportation Services	Environmental Health Services	Recreation and Cultural Services	Development Services	Educational Services	Water Utility	Total
REVENUES										
Taxation	\$ 76,469,852	\$ -	\$ 18,295,207	\$ 8,017,000	\$ -	\$ -	\$ -	\$ 15,282,089	\$ -	\$ 118,064,148
Grants in lieu of taxes	9,438,816	-	-	-	-	-	-	-	-	9,438,816
Services provided to other governments	-	-	801,142	-	-	-	-	-	-	801,142
Sales of services	51,608	-	-	750,332	-	994,513	-	-	-	1,796,453
Revenue from own sources	2,758,861	703,090	539,118	-	2,900,470	-	61,610	-	-	6,963,149
Unconditional transfers from other governments	31,175,896	-	-	-	-	-	-	-	-	31,175,896
Conditional transfers from other governments	-	371,710	4,260,241	-	-	-	-	-	-	4,631,957
Capital grants	9,222	-	-	9,219,099	36,428,233	628,340	-	-	-	46,285,894
Metered sales	-	-	-	-	-	-	-	-	19,345,910	19,345,910
Other water revenues	-	-	-	-	-	-	-	-	773,773	773,773
Investment income	112,102	-	-	-	-	-	-	-	-	112,102
Gain on sale of properties	144,938	-	4,950,000	-	-	-	-	-	-	5,094,938
	120,159,295	1,074,800	28,845,714	17,988,431	39,328,703	1,623,853	61,610	15,282,089	20,119,683	244,482,178
EXPENSES										
Salaries, wages and benefits	8,150,429	613,060	32,927,030	18,114,949	4,051,267	4,629,336	896,685	-	2,422,635	71,805,391
Interest on long-term debt	372,139	-	165,084	585,204	102,775	138,738	-	-	1,065,842	2,430,782
Materials, goods, supplies and utilities	884,170	289,295	1,498,739	5,667,914	1,954,577	1,942,484	11,787	-	4,500,254	18,949,220
Contracted services	772,140	129,813	733,309	7,194,720	10,682,925	578,213	240,598	-	1,822,035	22,152,953
Other operating expenses	3,748,135	191,716	9,586,303	3,479,724	2,101,857	1,659,120	292,402	-	2,737,911	23,705,168
External transfers and grants	3,711,728	-	1,066,680	-	-	803,800	-	15,282,089	-	20,864,297
Amortization	278,932	363,172	1,385,808	8,948,090	3,084,859	1,805,834	736,471	-	3,729,115	20,332,281
	17,915,673	1,566,256	47,362,953	44,190,601	21,978,260	11,558,525	2,087,943	15,282,089	16,277,792	178,240,082
ANNUAL SURPLUS (DEFICIT)	\$ 102,243,622	\$ (511,456)	\$ (18,517,239)	\$ (26,202,170)	\$ 17,350,443	\$ (9,934,672)	\$ (2,026,333)	\$ -	\$ 3,841,891	\$ 66,242,086

Cape Breton Regional Municipality
Schedule of Remuneration and Reportable Expenses of Council

For the year ended March 31, 2023

Council	Annual Remuneration	Travel Expenses
D. Bruckschwaiger	\$ 52,626	\$ 3,898
J. Edwards (Deputy Mayor)	\$ 54,728	\$ 4,471
L. Green	\$ 52,626	\$ 4,900
S. Gillespie	\$ 52,626	\$ ~
C. MacDonald	\$ 52,626	\$ 1,360
E. MacDonald	\$ 52,626	\$ 7,740
G. MacDonald	\$ 52,626	\$ 7,814
E. MacMullin (Deputy Mayor)	\$ 55,717	\$ 7,949
A. McDougall-Merrill (Mayor)	\$ 153,848	\$ 23,911
D. O'Quinn	\$ 52,626	\$ 2,305
S. Parsons	\$ 52,626	\$ 2,940
G. Paruch	\$ 52,626	\$ 3,344
K. Tracey	\$ 52,626	\$ 4,429

Cape Breton Regional Municipality
Schedule of Remuneration and Reportable Expenses of Senior Staff
For the year ended March 31, 2023

Senior Staff	Annual Remuneration	Reportable Expenses
D. Campbell-Ryan	\$ 110,384	\$ 4,623
J. Campbell	\$ 125,961	\$ 3,806
K. Durning	\$ 94,652	\$ 941
D. Evely	\$ 125,961	\$ 1,867
D. Kachafanas	\$ 125,961	\$ 1,344
W. MacDonald	\$ 133,574	\$ 4,241
J. MacKinnon	\$ 178,814	\$ 9,144
M. Ruus	\$ 125,330	\$ 3,613
M. Seth	\$ 148,139	\$ 8,451
M. Walsh	\$ 220,461	\$ 10,071
R. Walsh	\$ 164,647	\$ 1,915

Cape Breton Regional Municipality
Schedule of Operating Fund and Change in Fund Balance

For the year ended March 31, 2023

(Unaudited)

	2023	2022
REVENUES		
Taxes	\$ 119,087,257	\$ 118,064,148
Grants in lieu of taxes	9,396,051	9,436,816
Services provided to other governments	1,145,521	801,142
Sales of services	4,172,309	1,796,453
Revenue from own sources	11,826,538	11,211,569
Unconditional transfers from other governments	15,851,979	31,175,896
Conditional transfers from other governments	4,609,846	4,260,247
Disaster recovery	6,213,522	—
	172,303,023	176,746,271
EXPENSES		
General government services	15,995,096	15,224,793
Protective services	54,701,383	53,053,536
Transportation services	43,239,884	35,242,511
Environmental health services	(34,841,492)	18,893,401
Public health and welfare services	2,721,969	2,320,861
Environmental development services	1,226,578	1,351,472
Recreation and cultural services	11,609,926	9,752,691
Educational services	15,534,623	15,282,089
	110,187,967	151,121,354
Excess of revenues over expenses before the following	62,115,056	25,624,917
FINANCING AND TRANSFERS		
Debenture and term loan principal instalments	(8,506,443)	(7,965,269)
Transfer to special reserve funds	3,589,200	(16,821,368)
Transfer to general capital fund	—	(1,852,912)
Amortization of bond discount	(57,520)	(58,527)
	(4,974,763)	(26,698,076)
CHANGE IN FUND BALANCE	57,140,293	(1,073,159)
FUND BALANCE, BEGINNING OF YEAR	(61,790,811)	(60,717,652)
FUND BALANCE, END OF YEAR	\$ (4,650,518)	\$ (61,790,811)

Cape Breton Regional Municipality
Schedule of Water Utility Operating Fund and Change in Fund Balance
For the year ended March 31, 2023
(Unaudited)

	2023	2022
OPERATING REVENUES		
Metered sales	\$ 19,322,036	\$ 19,345,910
Public fire protection	7,076,391	7,076,391
Consumer's interest	769,932	661,977
	27,168,359	27,084,278
OPERATING EXPENSES		
Source of supply	502,819	500,111
Power and pumping	1,820,919	1,827,573
Water treatment	4,967,373	4,506,364
Transmission and distribution	4,506,939	4,732,871
Administration and general	3,206,353	2,856,054
Taxes	1,896,230	1,987,221
	16,900,633	16,410,194
Excess of revenues over expenses before the following	10,267,726	10,674,084
NON-OPERATING REVENUES		
Miscellaneous	230,693	111,796
NON-OPERATING EXPENSES		
Interest on debentures	1,041,977	1,065,842
Amortization of debt discounts	24,539	32,545
Other	25,605	24,151
Transfer to water capital fund	8,521,404	8,666,766
Transfer to general capital fund	650,000	650,000
	10,263,525	10,439,304
CHANGE IN FUND BALANCE	234,894	346,576
FUND BALANCE, BEGINNING OF YEAR	6,914,927	6,568,351
FUND BALANCE, END OF YEAR	\$ 7,149,821	\$ 6,914,927

Cape Breton Regional Municipality
Schedule of Capital Fund and Change in Fund Balance

For the year ended March 31, 2023

(Unaudited)

	2023	2022
REVENUES		
Capital grants	\$ 18,220,293	\$ 14,463,770
Gain on disposal of assets	—	4,250,000
	18,220,293	18,713,770
EXPENSES		
General government services	945,054	278,932
Protective services	1,573,670	1,385,808
Transportation services	13,718,084	8,948,090
Environmental health services	33,747,977	3,084,859
Recreation and cultural services	1,668,250	1,805,834
Planning and development services	762,237	736,471
	52,415,272	16,239,994
Excess of revenues over expenses before the following	(34,194,979)	2,473,776
FINANCING AND TRANSFERS		
Transfer from reserve funds	16,963,712	10,253,779
Transfer from general operating fund	—	1,852,912
Transfer from water operating fund	650,000	650,000
Debenture and term loan principal instalments	8,506,443	7,965,269
	26,120,155	20,721,960
CHANGE IN FUND BALANCE	(8,074,824)	23,195,736
FUND BALANCE, BEGINNING OF YEAR	291,696,589	268,500,853
FUND BALANCE, END OF YEAR	\$ 283,621,765	\$ 291,696,589

Cape Breton Regional Municipality
Schedule of Water Utility Capital Fund and Change in Fund Balance
For the year ended March 31, 2023
(Unaudited)

	2023	2022
REVENUES		
Capital grants	\$ —	\$ —
EXPENSES		
Amortization	3,736,304	3,729,115
Deficiency of revenues over expenses before the following	3,736,304	(3,729,115)
FINANCING AND TRANSFERS		
Transfer from water operating fund	8,521,404	8,666,766
CHANGE IN FUND BALANCE	4,785,100	4,937,651
FUND BALANCE, BEGINNING OF YEAR	101,557,631	96,619,980
FUND BALANCE, END OF YEAR	\$ 106,342,731	\$ 101,557,631

Cape Breton Regional Municipality
Schedule of Port of Sydney Development Corporation Operating Fund and
Change in Fund Balance

For the year ended March 31, 2023
(Unaudited)

	Budget (Unaudited)	2023	2022
REVENUES			
Wharfage and berthage	\$ 650,043	\$ 696,742	\$ 427,711
Passenger tax	785,623	876,697	—
Events	96,750	89,606	51,763
Security	219,642	279,740	65,679
Storage and rental	241,944	255,864	144,380
Craft market	36,473	67,278	—
Sundry	4,600	35,945	13,557
Government funding	10,000	144,177	371,710
	2,045,075	2,446,049	1,074,800
EXPENSES			
Advertising and promotion	17,750	15,924	10,860
Bad debts	2,000	1,752	1,655
Cruise activities	22,000	55,222	321
Dues and fees	23,540	29,226	8,564
Events	52,600	13,562	2,149
Insurance	56,800	68,094	52,070
Interest and bank charges	3,870	5,212	3,990
Miscellaneous	24,770	16,292	5,830
Office and administration	8,087	12,034	8,167
Professional fees	41,828	11,381	129,013
Rent	52,320	52,320	52,320
Repairs and maintenance	245,021	225,119	105,527
Security	160,436	179,831	45,115
Travel	27,740	21,119	10,992
Utilities	169,320	223,085	173,452
Wages and benefits	786,834	815,895	613,059
	1,694,916	1,746,068	1,223,084
Excess of revenues over expenses before the following	350,159	699,981	(148,284)
Amortization of capital assets	(400,000)	(331,946)	(363,172)
Gain on disposal of assets		6,500	
CHANGE IN FUND BALANCE	\$ (49,841)	374,535	(511,456)
FUND BALANCE, BEGINNING OF YEAR		4,018,078	4,529,534
FUND BALANCE, END OF YEAR		\$ 4,392,613	\$ 4,018,078

Cape Breton Regional Municipality
Schedule of Reserve Funds and Change in Fund Balance

For the year ended March 31, 2023

(Unaudited)

	2023	2022
REVENUES		
Investment income	\$ 789,888	\$ 112,329
Sale of properties	329,815	844,938
Grants	10,720,853	31,822,124
	<u>11,840,556</u>	<u>32,779,391</u>
FINANCING AND TRANSFERS		
Transfer from operating fund	(3,589,200)	16,821,368
Transfer to capital funds	(16,963,712)	(10,253,779)
	<u>(20,552,912)</u>	<u>(6,567,589)</u>
CHANGE IN FUND BALANCE	<u>(8,712,356)</u>	<u>39,346,980</u>
FUND BALANCE, BEGINNING OF YEAR	61,167,639	21,820,659
FUND BALANCE, END OF YEAR	<u>\$ 52,455,283</u>	<u>\$ 61,167,639</u>

Cape Breton Regional Municipality
Schedule of Water Utility Reserve Funds and Change in Fund Balance

For the year ended March 31, 2023
(Unaudited)

	2023	2022
REVENUES		
Investment income	\$ 4,367	\$ (242)
CHANGE IN FUND BALANCE	4,367	(242)
FUND BALANCE, BEGINNING OF YEAR	2,047,934	2,048,176
FUND BALANCE, END OF YEAR	\$ 2,052,301	\$ 2,047,934

