

Audit Committee

Agenda

Tuesday October 18, 2022

10:00 a.m.

**Council Chambers
2nd Floor, City Hall
320 Esplanade, Sydney, NS**

Committee Members: Deputy Mayor Earlene MacMullin, Chair
Councillor Cyril MacDonald
Councillor Glenn Paruch
Councillor Steve Parsons, Vice-Chair
Councillor Lorne Green
Mark Galley, Citizen Appointee
Rakesh Kochhar, Citizen Appointee

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CBRM Audit Committee

Agenda

Tuesday, October 18, 2022

10:00 a.m.

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2nd Floor City Hall,
320 Esplanade, Sydney, NS

Roll Call

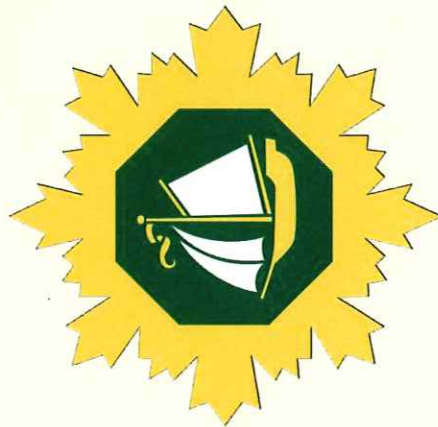
1. **Approval of Minutes:** (previously distributed)
 - August 24th, 2022
2. **Approval of Agenda:** (Motion Required)
3. **Presentations:**
 - a) **Annual Financial Report - Year Ended March 31, 2022:** Jennifer Campbell, Chief Financial Officer (See page 4)
 - i. **Draft CBRM Consolidated Financial Statements for Year Ended March 31, 2022:** (See page 31)
 - ii. **Draft CBRM Water Utility Financial Statements for Year Ended March 31, 2022:** (See page 60)
 - b) **Audit Findings Report to the Audit Committee for Year Ended March 31, 2022:** Mr. Darren Chiasson, CPA, CA – MNP Partner, Business Advisor (See page 75)
 - c) **Draft Management Letter:** Mr. Darren Chiasson, CPA, CA – MNP Partner, Business (to be provided at the meeting)

If Required: In Camera Session with Auditors and Members of the Audit Committee to follow pursuant to Section 22(2)(c) of the *Municipal Government Act*.

Adjournment

Annual Financial Report

Year Ended March 31, 2022



CAPE BRETON
REGIONAL MUNICIPALITY

Cape Breton Regional Municipality

Year ended March 31, 2022

CAPITAL HIGHLIGHTS

- \$38.7m in Capital Project work
 - \$36.9m – Municipal
 - Waste water treatment plants
 - Underground infrastructure
 - Roads and sidewalks
 - Parks and Trails
 - Sydney Fire Station
 - Transit & Fleet
 - \$1.8m - Water

OPERATING HIGHLIGHTS

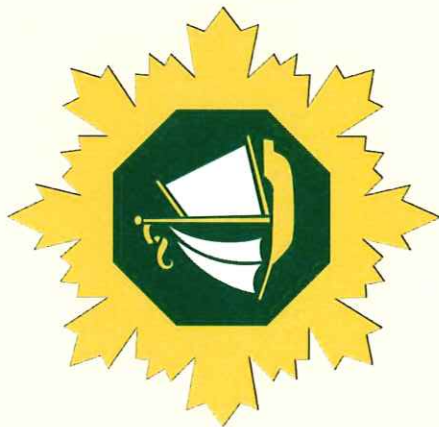
- Municipal Capacity Grant Top Up
- Deed Transfer Tax
- Ongoing Covid impacts on operations
 - Supply Chain
 - Inflationary impacts on supplies and fuel
 - Revenue streams not yet recovered
- No Covid Funding
- Ratification of CUPE759 Collective Agreement

POLICY/PLANNING HIGHLIGHTS

- CBRM Forward
- CBRM in Motion

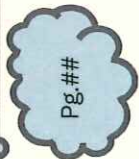
OPERATING RESULTS

- CBRM Operating Fund Surplus \$905k
 - In addition to \$15,335,868 top funds reserved)
- Water Utility Operating Fund Surplus \$645k₂



CAPE BRETON
REGIONAL MUNICIPALITY

Agenda page
references noted for
Audited F/S
• Schedules



CBRM

Operating, Capital and Reserve Funds

Year Ended March 31, 2022

Cape Breton Regional Municipality Schedule of Operating Fund (Council)

	Actuals 2021/22	Budget 2021/22	Variance
Revenue			
Total Taxes	\$ 118,064,148	\$ 114,975,389	\$ 3,088,759
Total Federal Government	3,177,423	3,301,346	(123,923)
Total Provincial Government Agencies	762,734	762,734	0
Total Provincial Government	2,116,192	2,144,184	(27,992)
Total Provincial Government Agencies	3,380,467	3,390,524	(10,057)
Total Services to Other Local Government	952,386	956,685	(4,299)
Total Transit	750,331	1,285,000	(534,669)
Total Environmental Development Services	241,880	246,200	(4,320)
Total Licenses & Permits	139,556	151,000	(11,444)
Total Fines & Fees	571,102	855,070	(283,968)
Total Rentals	586,177	586,177	0
Total Concessions & Franchises	314,396	1,017,000	(702,604)
Total Interest on Taxes	1,848,507	1,515,000	333,507
Total Finance Revenue	41,056	22,500	18,556
Total Solid Waste Revenue	2,900,470	2,450,000	450,470
Total Recreation & Cultural Service Programs	679,334	1,041,000	(361,666)
Total Water Utility Charges	4,951,510	4,951,510	(0)
Total Unconditional Transfers	31,175,896	15,835,838	15,340,058
Total Conditional Transfers	187,500	125,000	62,500
Total Extraordinary Revenue (Pandemic Recovery)	-	1,750,000	(1,750,000)
Total Revenue	\$ 172,841,064	\$ 157,362,157	\$ 15,478,907
Expenditures			
Legislative	1,317,472	1,505,992	188,520
Administration	458,942	459,094	152
Finance	2,392,799	2,654,307	261,508
Legal	2,110,990	2,206,286	95,296
Human Resources	1,278,844	1,353,103	74,259
Technology & Communications	3,236,887	3,710,255	473,368
Municipal Clerk	499,196	523,783	24,587
Fiscal Services	31,700,622	32,662,089	961,467
Police Services	25,733,438	26,836,654	1,103,216
Fire Services (Incl EMO)	18,536,821	18,260,025	(276,796)
Engineering & Public Works	53,767,913	50,899,990	(2,867,923)
Planning	3,307,423	3,392,070	84,647
Facilities: Centre 200 & Arenas	3,383,824	3,724,475	340,651
Parks & Grounds	3,045,575	2,976,699	(68,876)
Buildings	3,365,968	3,441,674	75,706
Recreation	2,462,975	2,755,661	292,686
Total Expenditures	156,599,690	157,362,157	762,467
Surplus / (Deficit) (FRAM)	\$ 16,241,374		

Municipal Capacity Top Up \$15,336,868
Residual Surplus \$905,506
Total \$16,241,374

Revenues

**Exceeded Budget
\$15,478,907***

\$143,069 excluding Top Up

Tax Revenue	2021/22 Actuals	2021/22 Budget	Variance
Taxes on Assessment			
Residential Tax	77,297,319	77,089,329	207,990
Commercial Tax	31,713,219	31,628,777	84,442
Resource Tax	1,462,600	1,457,576	5,024
Commercial Area Rates (Fire/Sewer-Bylaw)	1,446,152	1,446,152	-
Total Taxes on Assessment	111,919,291	111,621,834	297,457
Bell	460,883	479,143	(18,260)
Wind Turbine	218,027	217,414	613
Deed Transfer Tax	5,409,140	2,600,000	2,809,140
Total Tax Revenue	118,007,341	114,918,391	3,088,950

• Deed Transfer Tax
\$5.4m!

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Total Taxes	\$ 118,064,148	\$ 114,975,389	\$ 3,088,759
Total Federal Government	3,177,423	3,301,346	(123,923)
Total Federal Government Agencies	762,734	762,734	0
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Total Revenue	\$ 172,841,064	\$ 157,362,157	\$ 15,478,907

• Revenue streams still impacted by Covid19

Municipal Capacity Grant Top up

No Covid funding offset received for 2021/22

Expenditures

**Under budget
\$762,467**

Temporary staff vacancies
\$1,024,737

Covid - related Costs
(\$680K)

Due to timing of debenture issue, 1st principal repayment of 2021 Fall debenture issue occurred after year end.

Fleet-related inflationary costs (\$1.7M)
3 Culvert replacements (\$500K)

• Programming still impacted by Covid19

Expenditures	Actuals 2021/22	Budget 2021/22	Variance
Legislative	\$ 1,317,472	\$ 1,505,992	\$ 188,520
Administration	458,942	459,094	152
Finance	2,392,799	2,654,307	261,508
Legal	2,110,990	2,206,286	95,296
Human Resources	1,278,844	1,353,103	74,259
Technology & Communications	3,236,887	3,710,255	473,368
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Buildings	3,365,968	3,441,674	75,706
Recreation	2,462,975	2,755,661	292,686
Total Expenditures	\$ 156,599,690	\$ 157,362,157	\$ 762,467

Nearly all departments reported lower than budgeted expenses. Engineering & Public Works, particularly transit & fleet saw significant unbudgeted increases in costs of materials and fuel.

Comparison by Expenditure

Expenditures	Actuals 2021/22	Budget 2020/21	Variance to Budget	% Variance
Wages and Benefits, Net of Cost Recovery/Employment Grants	\$ 68,671,017	\$ 69,695,754	\$ 1,024,737	1.5%
Contracts/Agreements/ Professional Service	20,279,917	19,545,521	(734,396)	(3.8%)
Provincial Service Costs (includes P/SC)	19,875,640	20,066,109	190,469	0.9%
Debt Servicing	10,142,254	10,915,941	773,687	7.1%
Water Utility Hydrant Fee	7,076,391	7,076,394	(7)	(0.0%)
Vehicle Maintenance/ Repair/ Fuel	6,471,929	5,324,187	(1,147,742)	(21.6%)
Operational Equipment/ Materials/ Supplies/ Tools/ Uniforms/ Clothing	6,016,190	5,597,062	(429,128)	(7.7%)
Grants to Organizations	4,327,904	4,337,098	9,194	0.2%
Heat/ Electrical/ Water	2,962,761	2,900,813	(61,948)	(2.1%)
Street Lights	2,339,710	2,355,500	15,790	0.7%
Building Maintenance/ Repair/ Rental	1,622,716	1,590,215	(32,501)	(2.0%)
Insurance	1,561,853	1,638,735	76,882	4.7%
Office/ Computer/ Supplies/ Equipment	1,406,049	1,496,407	90,358	6.0%
Allowance for Uncollectible Taxes/ Receivables/DUP	914,071	920,000	5,929	0.6%
Telephone/ Communication Equipment	861,163	836,988	(24,175)	(2.9%)
Cost Recovery	(819,445)	(672,594)	146,851	(21.8%)
Security	580,499	548,000	(32,499)	(5.9%)
Training/ Education/ Travel/ Conferences/ Meetings	540,801	948,513	407,912	43.0%
Licenses/ Permits/ Essemblies	519,041	514,187	(4,854)	(0.9%)
Community Events	285,158	335,000	49,842	14.9%
Cost of Sales	285,276	507,500	242,224	47.7%
Advertising/ Promotion	216,011	334,750	118,739	35.5%
Postage/ Courier	214,996	237,150	25,654	10.8%
Professional Membership Dues/ Fees/ Subscriptions	162,716	182,907	20,191	11.0%
Low Income Rebate	108,773	140,000	31,227	22.3%
Total Expenditures	\$ 156,599,690	\$ 157,362,157	\$ 762,467	0.48%

Actual vs. Budget

Expenditures	CY Actual 2021/22	PY Actual 2020/21	Variance2	% Variance
Wages and Benefits, Net of Cost Recovery/Employment Grants	\$ 68,671,017	\$ 64,967,230	\$ 3,703,786	5.70%
Contracts/Agreements/ Professional Service	20,279,917	19,625,770	654,147	3.33%
Provincial Service Costs (includes P/SC)	19,875,640	19,507,121	368,519	1.89%
Debt Servicing	10,142,254	12,103,915	(1,961,661)	-16.21%
Water Utility Hydrant Fee	7,076,391	7,076,387	4	0.00%
Vehicle Maintenance/ Repair/ Fuel	6,471,929	5,326,222	1,145,707	21.51%
Operational Equipment/ Materials/ Supplies/ Tools/ Uniforms/ Clothing	6,016,190	5,901,924	114,266	1.94%
Grants to Organizations	4,327,904	4,117,523	210,381	5.11%
Heat/ Electrical/ Water	2,962,761	2,571,293	391,468	15.22%
Street Lights	2,339,710	2,587,179	(247,469)	-9.57%
Building Maintenance/ Repair/ Rental	1,622,716	1,576,988	45,729	2.90%
Insurance	1,561,853	1,447,174	114,679	7.92%
Office/ Computer/ Supplies/ Equipment	1,406,049	1,481,793	(75,744)	-5.11%
Allowance for Uncollectible Taxes/ Receivables/DUP	914,071	1,328,445	(414,373)	-31.19%
Telephone/ Communication Equipment	861,163	802,675	58,487	0
Cost Recovery	(819,445)	(596,851)	(222,594)	37.29%
Security	580,499	523,313	57,186	0
Training/ Education/ Travel/ Conferences/ Meetings	540,801	441,363	99,239	22.48%
Licenses/ Permits/ Essemblies	519,041	481,415	37,626	7.82%
Community Events	285,158	217,212	67,946	31.28%
Cost of Sales	285,276	162,422	102,854	63.32%
Advertising/ Promotion	216,011	202,221	13,790	6.82%
Postage/ Courier	214,996	199,790	11,706	5.86%
Professional Membership Dues/ Fees/ Subscriptions	162,716	174,807	(12,091)	-6.92%
Low Income Rebate	108,773	120,915	(12,142)	-10.04%
Total Expenditures	\$ 156,599,690	\$ 152,348,247	\$ 4,251,443	2.79%

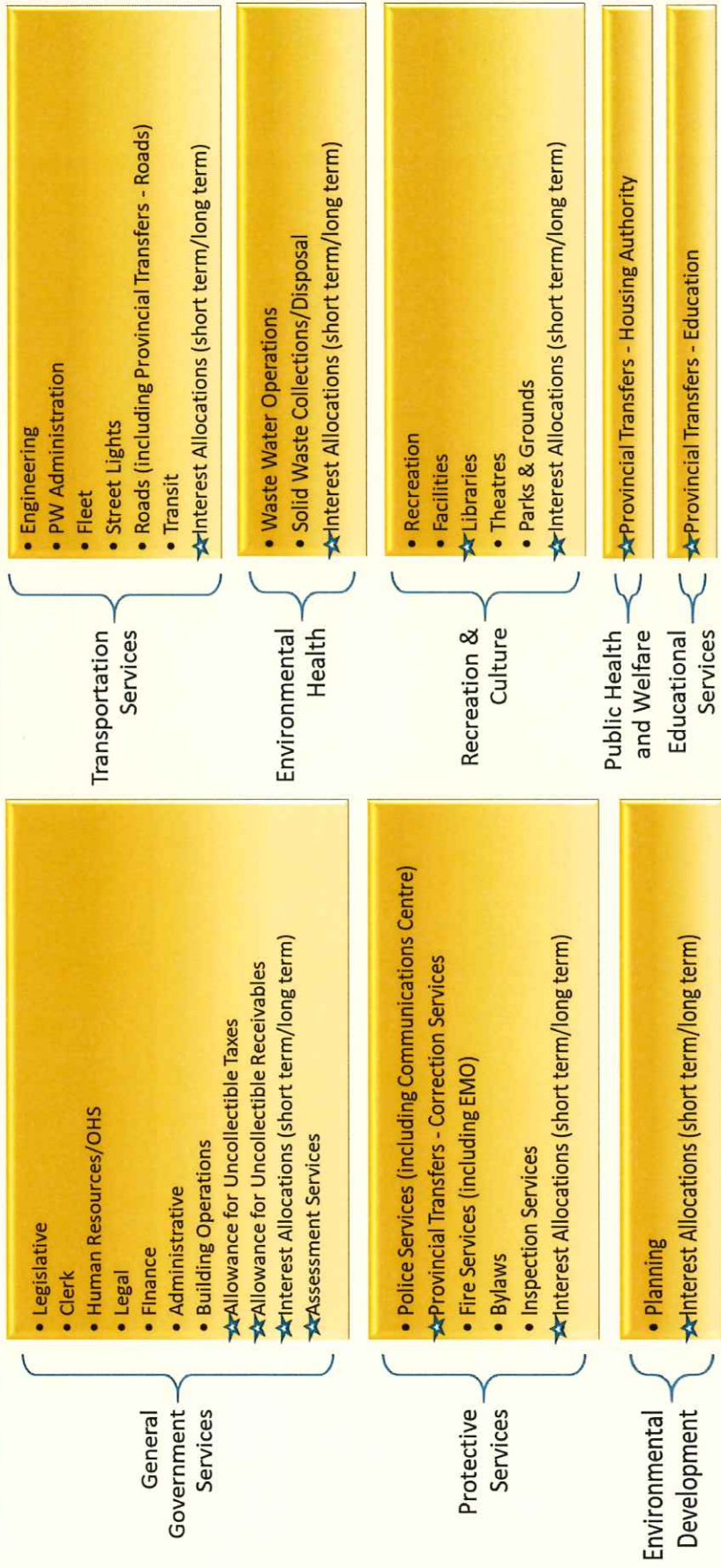
Current Year Actual vs. Prior Year Actual

CBRM Operating (Council)

FRAM

PSAB Presentation

Step 1: Classify department revenues by significant source, and expenditures by government function



**CBRM Operating
(Council)**

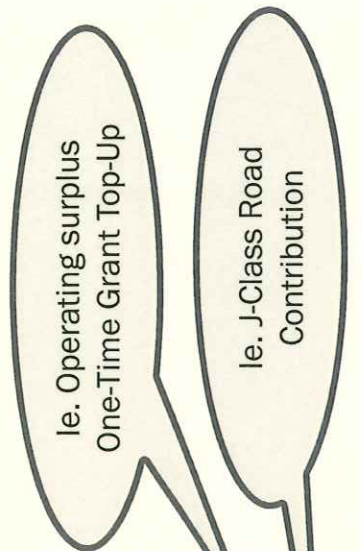


FRAM



**PSAB
Presentation**

Step 2: Report annual surplus as transfer to operating reserve.



Debtenture Principal Repayments
Amortization of Bond Discount
Transfers to Special Reserve Fund
Transfers to Capital Fund

Financing & Transfers

	2022	2021
Annual Surplus, Council Format	16,241,374	3,912,794
Surplus transfer to operating reserve	(16,241,374)	(3,912,794)
Annual Surplus, FRAM	-	-

**CBRM Operating
(Council)**



FRAM



**PSAB
Presentation**

Legislative Requirements vs GAAP

- There is no acceptable substitute for “generally accepted accounting principles”.
- However, since the application of such principles will not always produce the requirements of particular legislation, it may be necessary to meet the latter through specially designed statements and reports.

CBRM (FRAM)

Accrued debenture interest

Vacation and sick benefit accrual

Retired landfill obligation

- PSAB: Meets definition of liability and must be accrued.
- FRAM: Not required under legislation

WATER UTILITY (UARB)

Capital Contributions

- PSAB: Reported as revenue when received
 - UARB: Deferred and amortized on the basis of the funded asset
- Depreciation*
- PSAB: Expense
 - UARB: Depreciation Reserve

**CBRM Operating
(Council)**

FRAM

**PSAB
Presentation**

Step 3: Adjust accruals recognized under PSAB.

	2022	2021
ANNUAL SURPLUS, INTERNAL F/S	16,241,374	3,912,794
Surplus transfer to operating reserve	(16,241,374)	(3,912,794)
ANNUAL SURPLUS, FRAM	-	-
PSAB ADJUSTMENTS		
Decrease (increase) in landfill closure liability	(4,727,819)	2,553
Decrease (increase) in accrued interest	753,338	158,207
Decrease (increase) in accrued sick benefits	55,470	19,631
Decrease (increase) in accrued vacation entitlements	(154,148)	(86,380)
CHANGE IN FUND BALANCE (PSAB)	(1,073,159)	94,011
PSAB FUND BALANCE COMPRISED OF:		
Landfill closure liability	(56,294,281)	(54,566,462)
Interest accrual	-	(753,337)
Sick benefit accrual	(383,787)	(439,241)
Vacation accrual	(5,112,743)	(4,958,612)
	(61,790,811)	(60,717,652)

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**Cape Breton Regional Municipality
Schedule of Operating Fund and Change in Fund Balance
For the year ended March 31, 2022
(Unaudited)**

	2022	2021
REVENUES		
Taxes	\$ 118,064,148	\$ 114,286,696
Grants in lieu of taxes	9,436,816	9,518,894
Services provided to other governments	801,142	794,749
Sales of services	1,796,453	1,017,072
Revenue from own sources	11,211,569	10,221,094
Unconditional transfers from other governments	31,175,896	15,789,117
Conditional transfers from other governments	4,260,247	4,412,501
Extraordinary revenue	-	3,918,775
	176,746,271	159,958,898
EXPENSES		
General government services	15,224,793	16,101,127
Protective services	53,053,536	51,280,969
Transportation services	35,242,511	32,348,941
Environmental health services	18,893,401	16,308,948
Public health and welfare services	2,320,961	2,315,534
Environmental development services	1,351,472	981,767
Recreation and cultural services	9,752,691	8,702,965
Educational services	15,282,089	14,971,660
	151,121,354	142,919,911
Excess of revenues over expenses before the following	25,624,917	17,038,987
FINANCING AND TRANSFERS		
Debtenture and term loan principal instalments	(7,965,269)	(10,179,869)
Transfer to special reserve funds	(16,821,368)	(5,243,687)
Transfer to general capital fund	(1,852,912)	(1,466,680)
Amortization of bond discount	(58,527)	(54,740)
	(26,698,076)	(16,944,976)
CHANGE IN FUND BALANCE	(1,073,159)	94,011
FUND BALANCE, BEGINNING OF YEAR	(60,717,652)	(60,811,663)
FUND BALANCE, END OF YEAR	\$ (61,790,811)	\$ (60,717,652)

Cape Breton Regional Municipality

Capital Fund

CBRM's Capital fund represents the Municipality's investments in capital assets.

- The fund balance increases for the following:
 - Grants received for capital projects, such as ICIP, and other outside funding contributions.
 - Monies transferred from our own funds, such as capital out of operating, gas tax reserves, capital reserves.
 - Repayment of debentures.

CBRM continues to invest in capital at a greater pace than assets are depreciating, however there is still much more work to be done.

Cape Breton Regional Municipality Capital Fund

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Cape Breton Regional Municipality Schedule of Capital Fund and Change in Fund Balance For the year ended March 31, 2022 (Unaudited)

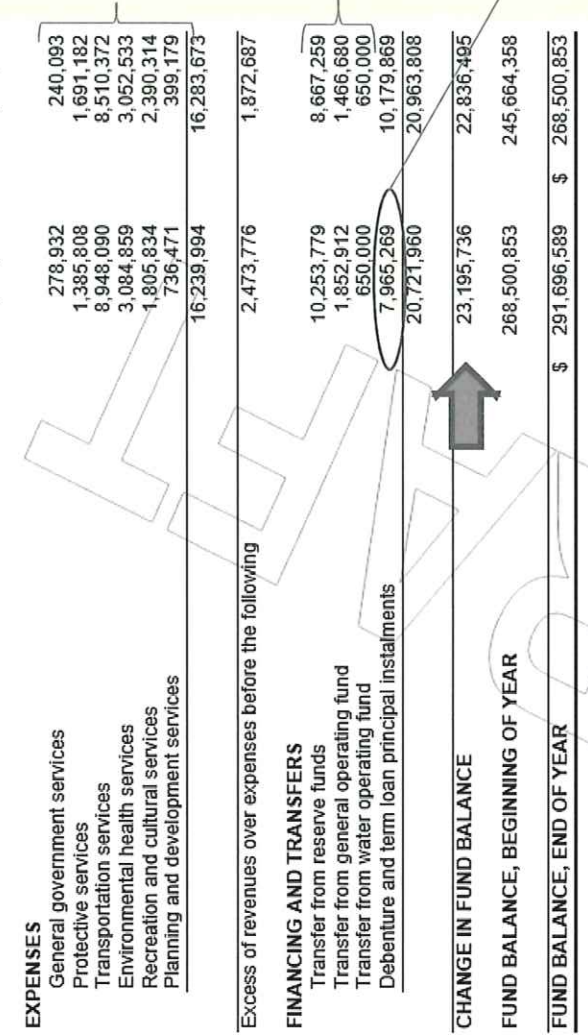
	2022	2021
REVENUES		
Capital grants	\$ 14,463,770	\$ 18,156,360
Gain on disposal of assets	4,250,000	-
	18,713,770	18,156,360
EXPENSES		
General government services	278,932	240,093
Protective services	1,385,808	1,691,182
Transportation services	8,948,090	8,510,372
Environmental health services	3,084,859	3,052,533
Recreation and cultural services	1,805,834	2,390,314
Planning and development services	736,471	399,179
	16,239,994	16,283,673
Excess of revenues over expenses before the following	2,473,776	1,872,687
FINANCING AND TRANSFERS		
Transfer from reserve funds	10,253,779	8,667,259
Transfer from general operating fund	1,852,912	1,466,680
Transfer from water operating fund	650,000	650,000
Debt and term loan principal instalments	7,965,269	10,179,869
	20,721,960	20,963,808
CHANGE IN FUND BALANCE	23,195,736	22,836,495
FUND BALANCE, BEGINNING OF YEAR	268,500,853	245,664,358
FUND BALANCE, END OF YEAR	\$ 291,696,589	\$ 268,500,853

Contributions from Provincial and Federal Governments
 \$11.94M - ICIP (Waste water)
 \$1.316M - Sydney Cruise Berth
 \$513K - PTAP/ATAP (Transit)
 \$385K - Hawks Dream Field
 \$244K - C200
 \$66K - Other projects

Depreciation of assets

Transfer from gas tax reserves, capital out of operating, other capital reserves.

Debt Repayments during fiscal year



Cape Breton Regional Municipality

Capital, Funding & Debt

CBRM Capital Program 2021/22	Budget	Cost	Funding	Borrowing	Budgeted Borrowing	Variance
Land and buildings	\$ 1,505,000	\$ 609,513	\$ 252,005	\$ 357,508	\$ 476,000	\$ (118,492)
Sydney Second Cruise Berth - Land	\$ -	2,513,900	-	2,513,900	-	2,513,900
Fire Station 1	\$ -	1,940,455	1,940,455	-	-	-
Centre 200 Revitalization	700,000	660,630	480,209	200,421	189,000	11,421
Fire Equipment/Apparatus	1,300,000	642,725	-	642,725	1,300,000	(657,275)
Streets and Sidewalks	9,710,000	9,796,220	8,589,467	1,206,754	-	1,206,754
Fleet Replacement	1,500,000	2,650,908	1,891,692	759,216	850,000	(90,784)
Waste Water/Storm Water	32,920,868	15,259,868	12,333,942	2,925,927	5,583,934	(2,658,008)
Parks, Grounds and Arenas	150,000	446,021	337,452	108,569	-	108,569
Active Transportation	1,000,000	546,466	385,309	161,157	271,333	(110,176)
Transit	1,800,000	1,835,164	1,824,283	10,881.62	120,000	(109,118)
Total	\$50,585,868	\$ 36,901,871	\$ 28,014,814	\$ 8,887,057	\$ 8,790,267	\$ 96,790

Debt Repaid	\$ (7,965,269)
New Debt	\$ 8,887,057
Net Increase in Total Debt	\$ 921,788

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Cape Breton Regional Municipality Schedule of Long-term Debt For the year ended March 31, 2022

General Fund	Term (years)	Interest rate - %	Matures	Balance March 31/21	Issued	Redeemed	Balance March 31/22
M.F.C.							
31-A-1	10	1.219-3.645	2021	\$ 1,453,000	\$ -	\$ 1,453,000	\$ -
32-B-1	10	0.000-3.160	2022	759,400	-	379,700	379,700
33-B-1	10	0.000-3.614	2023	1,404,803	-	468,269	936,534
34-B-1	10	1.200-3.190	2024	5,320,000	-	1,330,000	3,990,000
35-A-1	10-20	1.040-3.449	2030	3,400,000	-	590,000	2,840,000
36-A-1	10	1.150-2.506	2026	3,746,400	-	624,400	3,122,000
37-A-1	10	1.734-3.073	2027	5,791,800	-	827,400	4,964,400
38-A-1	10	2.490-3.389	2028	9,579,999	-	1,197,500	8,382,499
FCM-1	10	2.250	2028	800,000	-	100,000	700,000
39-A-1	10	2.015 - 2.561	2029	9,225,000	8,808,140	1,025,000	8,200,000
40-A-1	10	0.400 - 2.376	2031	-	11,133,600	-	8,808,140
41-A-1	10	0.500 - 2.259	2031	-	-	-	11,133,600
				41,480,402	19,941,740	7,965,269	53,456,873

Long Term Debt - Capital Projects	2021/22	2020/21
Current Long Term Debt, Financial Statement	\$ 53,456,873	\$ 41,480,402
Short term borrowing (18/19 capital projects)		8,808,140
Short term borrowing (19/20 capital projects)		11,133,600
Short term borrowing (20/21 capital projects)	7,593,205	7,593,205
Short term borrowing (21/22 capital projects)	8,887,057	
Balance of Total Debt	\$ 69,937,135	\$ 69,015,347
Change in Total Debt	\$ 921,788	\$ -

Cape Breton Regional Municipality Reserve Fund

CBRM's Reserve fund represents:

- Prior year surpluses reserved for operating or other special purpose
- Capital grants received, but not yet spent



Cape Breton Regional Municipality
Schedule of Reserve Funds and Change in Fund Balance
For the year ended March 31, 2022
(Unaudited)

	2022	2021
REVENUES		
Investment income	\$ 112,329	\$ 121,583
Sale of properties	844,938	666,484
Grants	31,822,124	9,792,899
	<u>32,779,391</u>	<u>10,580,966</u>
FINANCING AND TRANSFERS		
Transfer from operating fund	16,821,368	5,243,687
Transfer to capital funds	(10,253,779)	(8,667,259)
	<u>6,567,589</u>	<u>(3,423,572)</u>
CHANGE IN FUND BALANCE	<u>39,346,980</u>	<u>7,157,394</u>
FUND BALANCE, BEGINNING OF YEAR	21,820,659	14,663,265
FUND BALANCE, END OF YEAR	<u>\$ 61,167,639</u>	<u>\$ 21,820,659</u>

- Interest earned during reporting period.
- Sale of equipment and other property required to be placed in reserve (MGA)
- Grants include advances on waste water funding, transit funding and federal gas tax allotment.

Transfers from operating fund include:

- Current year surplus
- Election reserve
- Unspent municipal grants funding
- J-Class Road contribution not yet billed

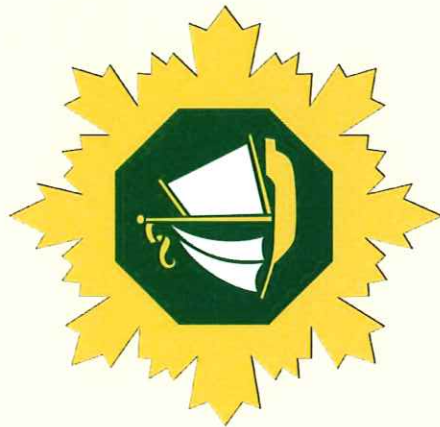
- Transfer to capital fund is gas tax spending during fiscal year.



CBRM Water Utility

Operating, Capital and Reserve Funds

Year Ended March 31, 2022



CAPE BRETON
REGIONAL MUNICIPALITY

Cape Breton Regional Municipality Water Utility - Operating Fund

Water Utility Consolidated (UARB)

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Cape Breton Regional Municipality Water Utility Statement of Financial Activities - Operating Fund For the year ended March 31, 2022

	Budget (Unaudited)	Actual	Actual
	2022	2022	2021
OPERATING REVENUES			
Metered sales	\$ 19,218,619	\$ 19,345,910	\$ 19,353,217
Public fire protection	7,076,391	7,076,391	7,076,387
Consumer's interest	350,000	661,977	554,682
Service connections	66,000	111,796	7,600
	26,711,010	27,196,074	26,991,886
OPERATING EXPENSES			
Source of supply	532,140	500,112	419,384
Power and pumping	1,962,642	1,827,573	1,820,037
Water treatment	4,650,044	4,506,364	4,286,048
Transmission and distribution	4,863,008	5,362,871	4,713,697
Administration and general	3,328,327	2,856,054	2,775,844
Depreciation	3,650,000	3,729,115	3,695,302
Taxes	2,020,300	1,987,221	1,987,081
	21,406,461	20,789,310	19,697,393
Excess of operating revenues over expenses before the following			
	5,304,549	6,406,764	7,294,493
NON-OPERATING REVENUES			
Amortization of deferred capital contributions	281,171	298,502	298,504
NON-OPERATING EXPENSES			
Debt charges	3,564,500	3,564,500	3,564,500
Provision for principal repayment	1,065,842	1,065,842	1,209,151
Interest	32,000	32,545	32,545
Amortization of debt discounts	202,030	24,151	6,042
Bank fees/charges	1,250,000	1,373,152	150,000
Capital expenditures out of operations	6,114,372	6,060,180	4,962,238
CHANGE IN FUND BALANCE	\$ (528,652)	\$ 645,076	\$ 2,630,759

Change in fund balance (UARB) \$645,076
 - Amort. Of Deferred Contributions (298,502)
 = Change in Fund Balance (PSAB) \$346,574

CBRM Consolidated (PSAB)

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Cape Breton Regional Municipality Statement of Financial Activities - Operating Fund and Change in Fund Balance For the year ended March 31, 2022

	2022	2021
OPERATING REVENUES		
Metered sales	\$ 19,345,910	\$ 19,353,217
Public fire protection	7,076,391	7,076,387
Consumer's interest	661,977	554,682
	27,084,278	26,984,286
OPERATING EXPENSES		
Source of supply	500,112	419,384
Power and pumping	1,827,573	1,820,037
Water treatment	4,506,364	4,286,048
Transmission and distribution	4,732,871	4,063,697
Administration and general	2,856,054	2,775,844
Taxes	1,987,221	1,987,081
	16,410,194	15,352,091
Excess of revenues over expenses before the following		
	10,674,084	11,632,195
NON-OPERATING REVENUES		
Miscellaneous	111,796	7,602
NON-OPERATING EXPENSES		
Interest on debentures	1,065,842	1,209,151
Amortization of debt discounts	32,545	32,545
Other	24,151	6,042
Transfer-to-water capital fund	8,666,766	7,409,802
Transfer to general capital fund	650,000	650,000
	10,439,304	9,307,540
CHANGE IN FUND BALANCE	346,576	2,332,257
FUND BALANCE, BEGINNING OF YEAR	6,568,351	4,236,094
FUND BALANCE, END OF YEAR	\$ 6,914,927	\$ 6,568,351

Difference between 2 reporting models is in how amortization of deferred contribution of \$298,502 is reported.

Cape Breton Regional Municipality Water Utility Change in Fund Balance - Operating Fund

Water Utility Consolidated (UARB)

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Cape Breton Regional Municipality Water Utility Statement of Operating Fund Surplus (Deficit)

For the year ended March 31, 2022

	2022	2021
SURPLUS (DEFICIT), BEGINNING OF YEAR	\$ 1,986,903	\$ (643,856)
Change in fund balance	645,076	2,630,759
SURPLUS (DEFICIT), END OF YEAR	\$ 2,631,979	\$ 1,986,903

Difference in fund balance due to the accounting treatment for previously recognized capital contributions (PSAB), net of accumulated amortized contributions to date (UARB).

CBRM Consolidated (PSAB)

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

For the year ended March 31, 2022
(Unaudited)

	2022	2021
OPERATING REVENUES		
Metered sales	\$ 19,345,910	\$ 19,353,217
Public fire protection	7,076,391	7,076,387
Consumer's interest	661,977	554,682
	27,084,278	26,984,286
OPERATING EXPENSES		
Source of supply	500,111	419,384
Power and pumping	1,827,573	1,820,037
Water treatment	4,506,364	4,286,048
Transmission and distribution	4,732,871	4,063,697
Administration and general	2,896,054	2,775,644
Taxes	1,987,221	1,987,081
	16,410,194	15,352,091
Excess of revenues over expenses before the following	10,674,084	11,632,195
NON-OPERATING REVENUES		
Miscellaneous	111,796	7,602
NON-OPERATING EXPENSES		
Interest on debentures	1,065,842	1,209,151
Amortization of debt discounts	32,545	32,545
Other	24,151	6,042
Transfer to water capital fund	8,666,766	7,409,802
Transfer to general capital fund	650,000	650,000
	10,439,304	9,307,540
CHANGE IN FUND BALANCE	346,575	2,332,257
FUND BALANCE, BEGINNING OF YEAR	6,568,351	4,236,094
FUND BALANCE, END OF YEAR	\$ 6,914,927	\$ 6,568,351

Cape Breton Regional Municipality Water Utility Change in Fund Balance - Capital Fund

Water Utility Consolidated (UARB)

Pg. 67
Statement of Investment in Capital Assets
For the year ended March 31, 2022

	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 86,724,275	\$ 83,009,775
Term debt retired	3,564,500	3,564,500
Capital out of operations	1,373,152	150,000
Total	\$4,937,652	
BALANCE, END OF YEAR	\$ 91,661,927	\$ 86,724,275

- Capital Projects funded through depreciation reserve
- NO New Debt
- Debt Balance **\$21,937,000**

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Cape Breton Regional Municipality Water Utility
Schedule B - Capital Debt Charges
For the year ended March 31, 2022

Municipal Finance Corporation	Date of Issue	Maturity Date	Interest Rate %	Balance March 31, 2021	Balance March 31, 2022	Issued	Redeemed
27-A-1	2007	2022	4.745 - 4.770	\$ 6,401,500	\$ 914,500	\$ -	\$ 5,487,000
28-A-1	2008	2023	4.945 - 5.088	5,600,000	700,000	-	4,900,000
30-A-1	2010	2025	4.500 - 4.875	7,500,000	750,000	-	6,750,000
33-A-1	2013	2023	2.454 - 2.979	2,400,000	800,000	-	1,600,000
34-A-1	2014	2029	2.516 - 3.792	3,600,000	400,000	-	3,200,000
				\$ 25,501,500	\$ 3,564,500	\$ -	\$ 21,937,000

Water Utility Consolidated (UARB)

Pg. 56
Cape Breton Regional Municipality
Water Utility Capital Fund and Change in Fund Balance
For the year ended March 31, 2022
(Unaudited)

	2022	2021
REVENUES		
Capital grants	\$ -	\$ -
EXPENSES		
Amortization	3,729,115	3,695,302
Deficiency of revenues over expenses before the following	3,729,115	(3,695,302)
FINANCING AND TRANSFERS		
Transfer from water operating fund	8,666,766	7,409,802
CHANGE IN FUND BALANCE	4,937,651	3,714,500
FUND BALANCE, BEGINNING OF YEAR	96,619,980	92,905,480
FUND BALANCE, END OF YEAR	\$ 101,557,631	\$ 96,619,980

Change in fund balances equal under each standard.
Difference in accumulated fund balances due to accounting treatment for previously recognized capital contributions.

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

Cape Breton Regional Municipality
Schedule of Port of Sydney Development Corporation Operating Fund and
Change in Fund Balance
For the year ended March 31, 2022
(Unaudited)

	Budget (Unaudited)	2022	2021
REVENUES			
Wharfage and berthing	\$ 360,941	\$ 427,711	\$ 352,977
Passenger tax			-
Events	48,400	51,763	15,516
Security	57,465	65,679	56,425
Storage and rental	133,817	144,380	103,903
Sundry	4,850	13,557	7,466
Government funding	20,000	371,710	483,754
	625,473	1,074,800	1,020,041
EXPENSES			
Advertising and promotion	10,610	10,860	10,889
Bad debts	1,000	1,655	-
Cruise activities	17,650	321	1,588
Dues and fees	39,226	8,564	26,131
Events	2,600	2,149	870
Insurance	53,300	52,070	52,409
Interest and bank charges	3,270	3,990	3,168
Miscellaneous	4,200	5,830	4,465
Office and administration	7,787	8,167	7,877
Professional fees	35,200	129,013	58,215
Rent	52,320	52,320	47,960
Repairs and maintenance	144,331	105,527	27,570
Security	43,326	45,115	35,230
Travel	4,000	10,992	1,886
Utilities	157,880	173,452	127,432
Wages and benefits	616,794	613,059	524,333
	1,193,494	1,223,084	930,023
Excess of revenues over expenses before the following	(568,021)	(148,284)	90,018
Amortization of capital assets	(400,000)	(363,172)	(419,438)
CHANGE IN FUND BALANCE	\$ (968,021)	(511,456)	(329,420)
FUND BALANCE, BEGINNING OF YEAR		4,529,534	4,858,954
FUND BALANCE, END OF YEAR		\$ 4,018,078	\$ 4,529,534

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The Port of Sydney is accountable to the CBRM for the administration of their financial affairs and resources, as they are owned and controlled by the Municipality. As such, the PSDC's financial results are consolidated with CBRM's own funds to form the CBRM Consolidated Financial Statements.

CONSOLIDATED STATEMENTS

CBRM
Operating Fund
Capital Fund
Reserve Fund



CBRW
Operating Fund
Capital Fund
Reserve Fund



PSDC
Operating Fund

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Cape Breton Regional Municipality Consolidated Statement of Financial Activities For the year ended March 31, 2022

	Budget (Unaudited)	2022	2021
REVENUES			
Taxes	\$ 114,975,389	\$ 118,064,148	\$ 114,286,696
Grants in lieu of taxes	9,598,788	9,436,816	9,518,894
Services provided to other governments	801,140	801,142	794,749
Sales of services	3,365,500	1,796,453	1,017,072
Revenue from own sources	5,558,377	6,260,059	5,269,584
Unconditional transfers from other governments	15,835,838	31,173,896	16,209,117
Conditional transfers from other governments	4,305,887	4,631,957	4,476,256
Capital grants	46,285,894	46,285,894	27,949,259
Water Utility revenue	19,634,619	20,119,683	19,915,495
Investment income	-	112,102	131,516
Port of Sydney Development Corporation	625,473	703,090	536,287
Gain on sale of properties	-	5,094,938	666,484
Extraordinary revenue	1,750,000	-	3,918,775
	176,451,011	244,482,178	204,690,184
EXPENSES			
General government services	19,513,849	15,503,740	16,341,235
Protective services	48,064,109	47,362,953	45,895,760
Transportation services	37,060,410	44,190,601	40,859,313
Environmental health services	18,941,967	21,978,260	19,359,481
Public health and welfare services	2,498,826	2,320,861	2,315,534
Environmental development services	1,322,017	1,351,472	991,767
Recreation and cultural services	11,409,670	11,559,525	11,093,279
Planning and development services	-	736,471	399,179
Educational services	15,282,089	15,282,089	14,871,660
Port of Sydney Development Corporation	1,193,494	1,586,256	1,349,462
Water Utility expenses	13,872,824	16,277,792	15,311,076
	169,159,355	178,149,020	168,787,746
Excess of revenues over expenses before the following	7,291,656	66,333,158	35,902,438
NET FINANCING AND TRANSFERS			
Amortization of bond discount	(130,000)	(91,072)	(87,285)
CHANGE IN FUND BALANCES	\$ 7,161,656	66,242,086	35,815,153
FUND BALANCES, BEGINNING OF YEAR		339,369,901	303,554,748
FUND BALANCES, END OF YEAR	\$	\$ 405,611,987	\$ 339,369,901

Consolidated Results	CBRM		CBRW		PSDC	Total
	Operating	Capital	Operating	Capital	Operating	
Change in Fund Balance	(1,073,174)	23,195,736	39,346,995	4,937,651	(511,456)	66,242,086
Fund Balance, Beginning of Year	(60,717,652)	268,500,853	21,820,659	96,619,980	4,529,534	339,369,901
Fund Balance, End of Year	(61,790,826)	291,696,589	61,167,654	101,557,631	4,018,078	405,611,987

Cape Breton Regional Municipality

Other Schedules

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

For the year ended March 31, 2022

Council	Annual Remuneration	Travel Expenses
D. Bruckschwaiger	\$ 50,688	\$ 412
J. Edwards	\$ 50,688	\$ 1,383
L. Green	\$ 50,688	\$ -
S. Gillespie	\$ 50,688	\$ 311
C. MacDonald	\$ 50,688	\$ 905
E. MacDonald	\$ 50,688	\$ 850
G. D. MacDonald	\$ 50,688	\$ 570
E. MacMullin (Deputy Mayor)	\$ 55,688	\$ 1,858
A. McDougall (Mayor)	\$ 148,182	\$ 15,140
D. O'Quinn	\$ 50,688	\$ 285
S. Parsons	\$ 50,688	\$ 1,521
G. Panuch	\$ 50,688	\$ 692
K. Tracey	\$ 50,688	\$ 235

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Cape Breton Regional Municipality Schedule of Remuneration and Reportable Expenses of Senior Staff

For the year ended March 31, 2022

Senior Staff	Annual Remuneration	Reportable Expenses
D. Campbell	\$ 116,076	\$ 1,805
J. Campbell	\$ 132,678	\$ 2,174
D. Evely	\$ 132,678	\$ 983
D. Kachafanas	\$ 132,678	\$ 936
W. MacDonald	\$ 143,546	\$ 3,493
J. MacKinnon	\$ 189,008	\$ 4,115
W. Murphy	\$ 121,242	\$ 2,270
M. Ruus	\$ 131,715	\$ 1,835
M. Seth	\$ 158,005	\$ 973
M. Walsh	\$ 230,948	\$ 4,247
R. Walsh	\$ 176,092	\$ 730

5.2.2(e) Audit Committee Policy:
Review the overall reasonableness of CAO, Mayor and Council travel and hospitality expenses.
Amounts also disclosed for senior staff.

Cape Breton Regional Municipality Financial Condition Index (Draft)

Indicator Name	2021-22	2020-21	2019-20	2018-19	2017-18
Reliance on Government Transfers 	22.7%	15.9%	12.1%	12.4%	12.6%
Uncollected Taxes	15.2%	13.8%	14.8%	14.5%	17.7%
3 Year Change in Tax Base	8%	9.0%	7.1%	8.8%	7.3%
Reliance on Single Business or Institution	1.1%	1.5%	1.6%	1.7%	1.5%
Residential Tax Effort	2.6%	3.0%	2.9%	2.8%	2.7%
# of Deficits in the Last 5 Years	0 out of 5 years	0 out of 5 years	0 out of 5 years	0 out of 5 years	0 out of 5 years
Years with a Budget Accuracy within + or - 5% in the last five years	5 out of 5 years	5 out of 5 years	5 out of 5 years	5 out of 5 years	5 out of 5 years
Liquidity	1.9	2.8	1.3	1.2	1.1
Operating Reserve	12.7%	9.6%	7.8%	6.1%	5.1%
Debt Service Cost 	20.4%	10.4%	10.3%	10.4%	14.3%
Outstanding Operating Debt 	19.5%	33.1%	8.2%	8.2%	12.0%
Undepreciated Assets	60%	60.3%	60.5%	59.9%	61.5%
Combined Operating & Capital Reserves 	39.96%	14.8%	11.5%	8.7%	5.3%

 Temporarily Influenced by One-Time Top Up
& Waste Water Funding

 Temporarily Influenced by Property Tax
Financing Loan/Repayment

Cape Breton Regional Municipality Financial Condition Index (Draft)

Set by DMA



Indicator	Formula	Inputs	Value	Indicator Threshold
Reliance on Gov't Transfers	Total Government Transfers Total Revenue	34,781,161 152,898,842	22.7%	< 15% 15 - 20% > 20%
Indicative of the degree of reliance on government transfers to sustain services/programs.			The Municipality is not dependent on another level of government to meet its service obligations.	
Uncollected Taxes	Taxes Receivable (net of allowance) Total Taxes Billed	17,072,389 111,976,098	15.2%	< 10% 10 - 15% > 15%
Indicative of the degree of difficulty the Municipality is experiencing in its tax revenue collection.			The Municipality is experiencing challenges with its tax revenue collection.	
3-Year Change in Tax Base	Current UA - UA 3 years prior UA 3 years ago	361,767,040 4,652,041,841	7.8%	growth is => change in CPI growth is < change in CPI negative growth
Is the Municipality's tax base growing at a pace sufficient to sustain services/programs.			The Municipality's tax base is strong to cover the cost of municipal services and programs.	
Reliance on Single Business/Institution	Taxable assessment value of largest business/institution Uniform Assessment	53,444,400 5,013,808,881	1.1%	< 10% 10 - 15% > 15%
Is Municipality dependant on the taxes of a single business/institution?			The Municipality is showing no vulnerability in this area.	
Residential Tax Effort	Residential Taxes / # dwelling units Median Household Income	1,619 62,400	2.6%	< 4% 4 - 6% > 6%
Helps Council assess the affordability of residential taxes in relation to current service levels.			The Municipality has some flexibility to increase tax rates if required.	
# of Deficits in the Last 5 Years	Surplus/ Deficit - 4 years ago Surplus/ Deficit - 3 years ago Surplus/ Deficit - 2 years ago Surplus/ Deficit - 1 year ago Surplus/ Deficit - Current Year	553,683 359,662 11,940 3,912,794 16,241,374	0 of 5	0 of 5 1 or more of 5 1 or more of 2
Indicative of the municipality's ability to meet its needs in a balanced manner and maintain a balanced budget as an indication of financial health.			The Municipality is able to meet its needs in a balanced manner and maintain a balanced budget.	

Cape Breton Regional Municipality Financial Condition Index (Draft)

Set by DMA



Indicator	Formula	Inputs	Value	Indicator Threshold
Years with a Budget Accuracy within + or - 5% in the last five years	4 Years ago 3 Years ago 2 Years ago 1 Year ago Current Year	2.1% 2.5% 1.9% 2.7% 1.3%	5 of 5	5 of 5 4 of 5 < 4 of 5
Indicative of the municipality's ability to maintain expenditure spending within budget limits.			The Municipality consistently maintained expenditure spending within budget limits.	
Liquidity	Total Current Assets Total Current Liabilities	78,502,875 41,523,762	1.9	> 1.5 1 - 1.5 < 1
Indicative of cash flow concern by assessing the municipality's ability to meet its current obligations.			The result indicates that the Municipality does not have a cash flow problem and can manage its service obligation.	
Operating Reserve	General Operating Reserve Total Expenses (including debenture payments)	17,417,665 136,844,969	12.7%	> 20% 10 - 20% < 10%
The value of funds set aside for planned or unexpected future needs.			The Municipality has not set aside sufficient funds to help mitigate unforeseen risks or future needs.	
Debt Service Cost	Principal/Interest on LTD Total Own Source Revenue	24,069,138 118,117,681	20.4%	< 10% 10 - 15% > 15%
Indicative of the flexibility to increase borrowing levels for future capital expenditures.			The Municipality has limited flexibility to increase borrowing.	
Outstanding Operating Debt	Total Operating Debt Total Net Taxes & PILT, GIL, Uncon. and Con. Transfers	28,168,597 144,267,960	19.5%	< 25% 25 - 50% > 50%
Indicative of the severity of operating debt a Municipality is carrying at year end.			The Municipality is carrying operating debt.	
Undepreciated Assets	Total NBV of Capital Assets Total Gross Cost of Capital Assets	361,732,829 602,880,776	60.0%	> 50% 35 - 50% < 35%
Indicates the remaining useful life of the Municipality's recognized capital assets to assess degree of infrastructure challenges.			The Municipality is experiencing less of an infrastructure challenge than other municipalities.	
Combined Reserve (Operating & Capital)	Total reserve fund balance Total operating expenses (Incl Depreciation)	61,167,641 153,084,963	39.96%	> 40% 30 - 40% < 30%
Assesses the Municipality's long term sustainability by measuring its ability to address both unexpected events or provide flexibility to address future infrastructure projects by comparing the value of funds held in reserves compared to 1 year's operating costs (including amortization).			The Municipality does not appear to have sufficient reserves needed to address unexpected events or the flexibility to address future projects.	

Cape Breton Regional Municipality

Year Ended March 31, 2022

“The way a team plays as a whole determines its success. You may have the greatest bunch of individual stars in the world, but if they don’t play together, the club won’t be worth a dime.”

Babe Ruth

DRAFT

**Cape Breton Regional Municipality
Consolidated Financial Statements**

March 31, 2022

Cape Breton Regional Municipality Consolidated Financial Statements

For the year ended March 31, 2022

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Cape Breton Regional Municipality
Consolidated Statement of Financial Position

As at March 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (note 2)	\$ 80,022,594	\$ 39,280,380
Taxes receivable (note 3)	17,072,389	15,137,768
Accounts receivable (note 4)	21,643,656	18,047,114
Due from trust fund	737,817	-
	119,476,456	72,465,262
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 5)	32,194,541	29,158,934
Due to trust funds	-	10,818
Deferred revenue	314,089	318,359
Accrued employee benefits	7,080,477	6,991,705
Solid waste management facilities liabilities (note 6)	56,294,281	54,566,462
Capital lease (note 7)	44,949	110,985
Long-term debt (note 8)	103,562,470	109,234,798
	199,490,807	200,392,061
NET DEBT	(80,014,351)	(127,926,799)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	456,001,228	431,067,774
Work in progress	25,880,644	32,415,004
Properties acquired at tax sale	1,585,197	1,585,197
Inventory, prepaid expenses and other	2,159,269	2,228,725
	485,626,338	467,296,700
FUND BALANCES (note 10)	\$ 405,611,987	\$ 339,369,901

Contingencies (note 13)

See accompanying notes to consolidated financial statements.

On behalf of the Cape Breton Regional Municipality

_____ Mayor

_____ Clerk

Cape Breton Regional Municipality
Consolidated Statement of Financial Activities

For the year ended March 31, 2022

	Budget (Unaudited)	2022	2021
REVENUES			
Taxes	\$ 114,975,389	\$ 118,064,148	\$ 114,286,696
Grants in lieu of taxes	9,598,788	9,436,816	9,518,894
Services provided to other governments	801,140	801,142	794,749
Sales of services	3,365,500	1,796,453	1,017,072
Revenue from own sources	5,558,377	6,260,059	5,269,584
Unconditional transfers from other governments	15,835,838	31,175,896	16,209,117
Conditional transfers from other governments	4,305,887	4,631,957	4,476,256
Capital grants	-	46,285,894	27,949,259
Water Utility revenue	19,634,619	20,119,683	19,915,495
Investment income	-	112,102	131,516
Port of Sydney Development Corporation	625,473	703,090	536,287
Gain on sale of properties	-	5,094,938	666,484
Covid assistance	1,750,000	-	3,918,775
	<u>176,451,011</u>	<u>244,482,178</u>	<u>204,690,184</u>
EXPENSES			
General government services	19,513,849	15,503,740	16,341,235
Protective services	48,064,109	47,362,953	45,895,760
Transportation services	37,060,410	44,190,601	40,859,313
Environmental health services	18,941,967	21,978,260	19,359,481
Public health and welfare services	2,498,926	2,320,861	2,315,534
Environmental development services	1,322,017	1,351,472	991,767
Recreation and cultural services	11,409,670	11,558,525	11,093,279
Planning and development services	-	736,471	399,179
Educational services	15,282,089	15,282,089	14,871,660
Port of Sydney Development Corporation	1,193,494	1,586,256	1,349,462
Water Utility expenses	13,872,824	16,277,792	15,311,076
	<u>169,159,355</u>	<u>178,149,020</u>	<u>168,787,746</u>
Excess of revenues over expenses before the following	7,291,656	66,333,158	35,902,438
NET FINANCING AND TRANSFERS			
Amortization of bond discount	(130,000)	(91,072)	(87,285)
CHANGE IN FUND BALANCES	\$ 7,161,656	66,242,086	35,815,153
FUND BALANCES, BEGINNING OF YEAR		339,369,901	303,554,748
FUND BALANCES, END OF YEAR		\$ 405,611,987	\$ 339,369,901

See accompanying notes to consolidated financial statements.

Cape Breton Regional Municipality
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2022

	2022	2021
CHANGE IN FUND BALANCES	\$ 66,242,086	\$ 35,815,153
Tangible capital assets		
Acquisition of tangible capital assets	(45,265,735)	(44,031,833)
Proceeds on disposal of tangible capital assets	5,094,938	666,484
Amortization of tangible capital assets	20,332,281	20,398,413
Gain on disposal of tangible capital assets	(5,094,938)	(666,484)
	(24,933,454)	(23,633,420)
Other non-financial assets		
Increase in work in progress	6,534,360	2,561,389
Decrease in inventory, prepaid expenses and other	69,456	456,317
	6,603,816	3,017,706
DECREASE IN NET DEBT	47,912,448	15,199,439
NET DEBT, BEGINNING OF YEAR	(127,926,799)	(143,126,238)
NET DEBT, END OF YEAR	\$ (80,014,351)	\$ (127,926,799)

See accompanying notes to consolidated financial statements.

Cape Breton Regional Municipality
Consolidated Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in fund balances	\$ 66,242,086	\$ 35,815,153
Items not involving cash		
Amortization of tangible capital assets	20,332,281	20,398,413
Gain on disposal of tangible capital assets	(5,094,938)	(666,484)
Change in non-cash working capital		
Taxes receivable	(1,934,621)	782,138
Accounts receivable	(3,596,542)	2,314,470
Inventory, prepaid expenses and other	69,456	456,317
Accounts payable and accrued liabilities and accrued interest	3,035,607	(1,689,277)
Solid waste management facilities liability	1,727,819	(2,553)
Deferred revenue	(4,270)	208,639
Accrued employee benefits	88,772	42,598
	80,865,650	57,659,414
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due from trust fund	(748,635)	2,709,139
Issuance of long-term debt	19,941,740	42,252,896
Principal payments on long-term debt	(25,614,068)	(13,744,369)
Repayment of capital lease	(66,036)	(64,148)
	(6,486,999)	31,153,518
CASH FLOWS FROM CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(45,265,735)	(44,031,833)
Proceeds on disposal of tangible capital assets	5,094,938	666,484
Decrease in work in progress	6,534,360	2,561,389
	(33,636,437)	(40,803,960)
INCREASE IN CASH AND CASH EQUIVALENTS	40,742,214	48,008,972
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	39,280,380	(8,728,592)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 80,022,594	\$ 39,280,380

See accompanying notes to consolidated financial statements.

Cape Breton Regional Municipality Notes to Consolidated Financial Statements

For the year ended March 31, 2022

1. 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) 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 Centre for Education 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.

(d) 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.

(e) 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.

Cape Breton Regional Municipality

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Basis of accounting

Revenues and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures 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.

(g) 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.

(h) 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
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%

A full year's amortization is taken in the year of acquisition.

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) Government transfers

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(k) 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.

(l) Taxation and related revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Province. 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.

(m) 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.

(n) 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.

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Use of estimates

The preparation of 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 revenues and expenses in the consolidated financial statements and accompanying notes. Significant items subject to management's estimates and assumptions include the valuation of solid waste management facilities liabilities. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF FUNDS ON DEPOSIT)

	2022	2021
Operating funds	\$ 45,680,283	\$ 47,674,795
Reserves funds	61,250,926	28,486,722
Capital funds	(27,639,589)	(37,852,750)
Port of Sydney Development Corporation	730,974	971,613
	\$ 80,022,594	\$ 39,280,380

3. TAXES RECEIVABLE

	2022	2021
Gross taxes receivable, beginning of year	\$ 17,661,396	\$ 17,723,084
Current year's levy of property taxes	112,194,126	110,266,117
Subtotal	129,855,522	127,989,201
Less		
Current year's collections	110,150,733	110,927,340
Reduced taxes	108,773	120,915
Allowance	(551,264)	(720,450)
Gross taxes receivable, end of year	20,147,280	17,661,396
Less		
Allowance for uncollectible taxes	3,074,891	2,523,628
Taxes receivable, net	\$ 17,072,389	\$ 15,137,768

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements

For the year ended March 31, 2022

4. ACCOUNTS RECEIVABLE

	2022	2021
Federal government	\$ 5,316,719	\$ 3,708,036
Provincial government	5,332,467	4,160,307
Due from general public	2,212,058	1,815,347
Water rates receivable	10,571,319	9,927,638
	<u>23,432,563</u>	<u>19,611,328</u>
Less allowance for doubtful accounts		
Operating	893,578	715,967
Water rates	895,329	848,247
	<u>1,788,907</u>	<u>1,564,214</u>
	<u>\$ 21,643,656</u>	<u>\$ 18,047,114</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade accounts payable	\$ 21,869,497	\$ 17,887,453
Payroll and related	1,892,191	1,461,847
Accrued liabilities	5,433,583	7,103,728
Tax sale trust	2,999,270	2,705,906
	<u>\$ 32,194,541</u>	<u>\$ 29,158,934</u>

6. 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.

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements

For the year ended March 31, 2022

6. SOLID WASTE MANAGEMENT FACILITIES LIABILITIES (CONTINUED)

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 \$56,294,281 (2021 - \$54,566,462). 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.

7. CAPITAL LEASE

	2022	2021
Bank of Montreal, 2.50%, repayable in monthly instalments of principal and interest of \$5,671 commencing December 2016, maturing November, 2022	\$ 44,949	\$ 110,985

Minimum lease payments required in the next year under capital lease are as follows:

Year ended March 31, 2023	\$	46,212
Interest included in minimum payments		1,263
	\$	44,949

8. LONG-TERM DEBT

The schedule attached to these 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, 2022 are as follows:

2023	\$	30,727,742
2024		28,361,043
2025		8,808,474
2026		11,228,474
2027		6,228,474

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements

For the year ended March 31, 2022

9. TANGIBLE CAPITAL ASSETS

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 14,077,203	\$ -	\$ 14,077,203	\$ 11,496,581
Buildings				
General government services	9,733,954	3,733,301	6,000,653	6,020,117
Protective services	18,959,407	2,834,839	16,124,568	11,229,382
Transportation services	11,441,645	3,189,673	8,251,972	8,450,209
Environmental services	33,238,344	12,446,388	20,791,956	21,622,914
Recreation and cultural services	29,271,865	7,201,606	22,070,259	22,136,856
Industrial parks	1,084,104	556,712	527,392	554,494
	<u>103,729,319</u>	<u>29,962,519</u>	<u>73,766,800</u>	<u>70,013,972</u>
Equipment				
General government services	3,007,560	2,968,024	99,536	-
Protective services	19,168,195	17,377,528	1,790,667	2,054,269
Public works	46,640,219	33,280,743	13,409,476	12,249,719
Environmental health services	13,850,203	13,794,609	55,594	72,730
Recreation and cultural services	1,921,819	1,728,479	193,340	255,275
	<u>84,587,996</u>	<u>69,039,383</u>	<u>15,548,613</u>	<u>14,631,993</u>
Other				
General government services	742,494	742,494	-	-
Road transport	204,095,551	78,112,784	125,982,767	120,844,994
Environmental health services	111,695,546	32,572,869	79,122,677	79,120,694
Recreation and cultural services	24,968,333	23,424,961	1,543,372	2,263,664
Waterfront development	8,975,401	4,471,404	4,503,997	4,674,517
Downtown development	1,697,526	438,071	1,259,455	1,294,019
Wharf – Sydney Marine Terminal	22,253,546	1,977,678	20,275,868	4,580,152
Water utility assets	180,701,268	65,253,819	115,447,449	117,314,187
Port of Sydney Development Corporation assets	11,190,694	6,717,667	4,473,027	4,833,001
	<u>566,320,359</u>	<u>213,711,747</u>	<u>352,608,612</u>	<u>334,925,228</u>
	<u>\$ 768,714,877</u>	<u>\$ 312,713,649</u>	<u>\$ 456,001,228</u>	<u>\$ 431,067,774</u>

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2022

10. FUND BALANCES

	2022	2021
General operating fund	\$ (61,790,811)	\$ (60,717,652)
Water operating fund	6,914,927	6,568,351
General capital fund	291,696,589	268,500,853
Water capital fund	101,557,631	96,619,980
Port of Sydney Development Corporation	4,018,078	4,529,534
	342,396,414	315,501,066
Reserves set aside by council	63,215,573	23,868,835
	\$ 405,611,987	\$ 339,369,901

11. 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 2022 were \$4,792,753 (2021 - \$4,657,655) 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 PSSP Plan. The contribution rate is funded equally.

The contribution for the year amounts to approximately \$149,024 (2021 - \$141,402).

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.

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2022

11. EMPLOYEE FUTURE BENEFITS (CONTINUED)

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.

d) Other

The Municipality directly provides pension arrangements in respect of former employees. The cost of such pensions for the year was approximately \$181,631 (2021 - \$195,772).

12. MISCELLANEOUS TRUST FUNDS

Miscellaneous Trust Funds administered by the Municipality are reported on separately. The total trust assets under administration at March 31, 2022 are nil (2021 - \$737,818).

13. CONTINGENCIES

- a) As of March 31, 2022, 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, 2022 is \$1,155,548 (2021 - \$1,218,349).
- d) The Municipality has guaranteed working capital borrowing on behalf of Seaview Manor Corporation at March 31, 2022 up to \$200,000 (2021 - \$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, 2022, the Municipality is not in compliance with certain CCME requirements.

Cape Breton Regional Municipality
Notes to Consolidated Financial Statements
For the year ended March 31, 2022

14. 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, 2022 in the amount of \$2,136,004 (2021 - \$2,157,152).

(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, 2022, the Municipality's share of these costs was \$1,390,867 (2021 - \$1,407,843).

(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, 2022, the Municipality's contribution for these costs was \$1,066,680 (2021 - \$1,070,466).

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

The Municipality provided a mandatory contribution in the amount of \$15,282,089 (2021 - \$14,871,660) to the Cape Breton-Victoria Regional Centre for Education.

15. 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, 2022, \$173,694 (2021 - \$476,429) is being held in trust.

16. 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 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.

16. FINANCIAL INSTRUMENTS (CONTINUED)

(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.

(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.

17. COVID-19

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Municipality as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

18. SUBSEQUENT EVENT

In July 2022, the Municipality purchased equipment valued at \$563,400 via capital lease. The lease is repayable in 60 monthly installments of \$10,720 and bears interest at 5.53% per annum.

19. COMPARATIVE FIGURES

Certain 2021 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, 2022

	Term (years)	Interest rate - %	Matures	Balance March 31/21	Issued	Redeemed	Balance March 31/22
General Fund							
M.F.C.							
31-A-1	10	1.219-3.645	2021	\$ 1,453,000	\$ -	\$ 1,453,000	\$ -
32-B-1	10	0.000-3.160	2022	759,400	-	379,700	379,700
33-B-1	10	0.000-3.614	2023	1,404,803	-	468,269	936,534
34-B-1	10	1.200-3.190	2024	5,320,000	-	1,330,000	3,990,000
35-A-1	10-20	1.040-3.449	2030	3,400,000	-	560,000	2,840,000
36-A-1	10	1.150-2.506	2026	3,746,400	-	624,400	3,122,000
37-A-1	10	1.734-3.073	2027	5,791,800	-	827,400	4,964,400
38-A-1	10	2.490-3.389	2028	9,579,999	-	1,197,500	8,382,499
FCM-1	10	2.250	2028	800,080	-	100,000	700,000
39-A-1	10	2.015 - 2.561	2029	9,225,000	-	1,025,000	8,200,000
40-A-1	10	0.400 - 2.376	2031	-	8,808,140	-	8,808,140
41-A-1	10	0.500 - 2.259	2031	-	11,133,600	-	11,133,600
				41,480,402	19,941,740	7,965,269	53,456,873
M.F.C.							
Promissory note							
	3	1.100	2024	42,252,896	-	14,084,299	28,168,597
Water Fund							
M.F.C.							
27-A-1	15	4.385-4.770	2022	6,401,500	-	914,500	5,487,000
28-A-1	15	3.750-5.088	2023	5,600,000	-	700,000	4,900,000
30-A-1	15	1.510-4.875	2025	7,500,000	-	750,000	6,750,000
33-A-1	10	1.330-2.979	2023	2,400,000	-	800,000	1,600,000
34-A-1	15	1.245-3.792	2029	3,600,000	-	400,000	3,200,000
				25,501,500	-	3,564,500	21,937,000
				\$ 109,234,798	\$ 19,941,740	\$ 25,614,068	\$ 103,562,470

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

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 2022 and 2021 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, 2022	General Government Services	Port of Sydney Development Corporation	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	Water Utility	Total
REVENUES										
Taxation	\$ 76,469,852	\$ --	\$ 18,295,207	\$ 8,017,000	\$ --	\$ --	\$ --	\$ 15,282,069	\$ --	\$ 118,064,148
Grants in lieu of taxes	9,436,816	--	--	--	--	--	--	--	--	9,436,816
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	4,260,247	--	--	--	--	--	--	4,631,957
Capital grants	9,222	--	--	9,219,099	36,428,233	629,340	--	--	--	46,286,894
Metered sales	--	--	--	--	--	--	--	--	19,345,910	19,345,910
Other water revenues	112,102	--	--	--	--	--	--	--	773,773	773,773
Investment income	144,938	--	4,950,000	--	--	--	--	--	--	5,094,938
Gain on sale of properties	120,159,295	1,074,800	28,845,714	17,986,431	39,328,703	1,623,853	61,610	15,282,069	20,119,663	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	139,738	--	--	1,065,842	2,430,782
Materials, goods, supplies and utilities	884,170	289,295	1,498,739	5,867,914	1,954,577	1,942,484	11,787	--	4,500,254	16,949,220
Contracted services	772,140	129,013	733,309	7,194,720	10,682,925	578,213	240,598	--	1,822,035	22,152,953
Other operating expenses	3,655,063	191,716	9,586,303	3,479,724	2,101,857	1,659,120	202,402	--	2,737,911	23,614,096
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	3,084,659	1,805,834	736,471	--	3,729,115	20,332,281
	17,824,601	1,566,256	47,362,953	44,190,601	21,978,260	11,556,525	2,087,943	15,282,069	16,277,792	178,149,020
ANNUAL SURPLUS (DEFICIT)	\$ 102,334,694	\$ (511,456)	\$ (18,517,239)	\$ (26,204,170)	\$ 17,350,443	\$ (9,934,672)	\$ (2,026,333)	\$ --	\$ 3,841,891	\$ 66,333,158

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

Year ended March 31, 2021	General Government Services	Port of Sydney Development Corporation	Protective Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Educational Services	Water Utility	Total
REVENUES										
Taxation	\$ 73,964,787	\$ -	\$ 17,695,876	\$ 7,754,373	\$ -	\$ -	\$ -	\$ 14,871,660	\$ -	\$ 114,286,696
Grants in lieu of taxes	9,518,894	-	-	-	-	-	-	-	-	9,518,894
Services provided to other governments	-	-	794,749	-	-	-	-	-	-	794,749
Sales of services	30,083	-	-	296,713	-	730,276	-	-	-	1,017,072
Revenue from own sources	2,155,410	536,287	697,558	-	2,366,479	-	50,137	-	-	5,805,871
Unconditional transfers from other governments	15,789,117	420,000	-	-	-	-	-	-	-	16,209,117
Conditional transfers from other governments	132,032	63,754	4,280,470	-	-	-	-	-	-	4,476,256
Capital grants	-	-	-	8,965,282	17,293,041	1,690,936	-	-	-	27,949,259
Metered sales	-	-	-	-	-	-	-	-	19,353,213	19,353,213
Other water revenues	131,516	-	-	-	-	-	-	-	562,282	562,282
Investment income	666,484	-	-	-	-	-	-	-	-	666,484
Gain on sale of properties	3,918,775	-	-	-	-	-	-	-	-	3,918,775
Disaster recovery	-	-	-	-	-	-	-	-	-	-
	106,307,098	1,020,041	23,468,653	16,976,368	19,659,520	2,421,212	50,137	14,871,660	19,915,495	204,690,184
EXPENSES										
Salaries, wages and benefits	7,907,908	524,333	35,756,778	16,428,427	3,837,387	4,167,804	795,508	-	2,182,973	71,601,118
Interest on long-term debt	523,780	-	234,767	568,717	173,060	210,777	-	-	1,209,151	2,920,252
Materials, goods, supplies and utilities	819,874	163,751	1,598,129	6,040,312	1,901,548	1,415,413	13,888	-	4,623,406	16,576,321
Contracted services	1,183,903	56,215	787,997	6,966,387	7,774,955	402,201	(9,587)	-	1,129,834	18,293,915
Other operating expenses	4,257,835	183,724	4,756,441	2,345,088	2,619,998	1,746,866	191,958	-	2,470,410	18,572,322
External transfers and grants	3,723,377	-	1,070,466	-	-	759,902	-	-	-	20,425,405
Amortization	240,092	419,439	1,691,182	8,510,372	3,052,533	2,390,314	399,179	-	3,695,302	20,398,413
	18,656,769	1,349,462	45,895,760	40,859,313	19,359,481	11,093,279	1,390,946	14,871,660	15,311,076	168,787,746
ANNUAL SURPLUS (DEFICIT)	\$ 87,650,329	\$ (329,421)	\$ (22,427,107)	\$ (23,882,945)	\$ 300,039	\$ (8,672,067)	\$ (1,340,809)	\$ -	\$ 4,604,419	\$ 35,902,438

Cape Breton Regional Municipality
Schedule of Remuneration and Reportable Expenses of Council
For the year ended March 31, 2022

Council	Annual Remuneration	Travel Expenses
D. Bruckschwaiger	\$ 50,688	\$ 412
J. Edwards	50,688	1,383
L. Green	50,688	-
S. Gillespie	50,688	311
C. MacDonald	50,688	905
E. MacDonald	50,688	850
G. D. MacDonald	50,688	570
E. MacMullin (Deputy Mayor)	55,688	1,858
A. McDougall (Mayor)	148,182	15,140
D. O'Quinn	50,688	285
S. Parsons	50,688	1,521
G. Paruch	50,688	692
K. Tracey	50,688	235

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Cape Breton Regional Municipality
Schedule of Remuneration and Reportable Expenses of Senior Staff
For the year ended March 31, 2022

Senior Staff	Annual Remuneration	Reportable Expenses
D. Campbell	\$ 116,076	\$ 1,805
J. Campbell	132,678	2,174
D. Evely	132,678	983
D. Kachafanas	132,678	936
W. MacDonald	143,546	3,493
J. MacKinnon	189,008	4,115
W. Murphy	121,242	2,270
M. Ruus	131,715	1,835
M. Seth	158,005	973
M. Walsh	230,948	4,247
R. Walsh	176,092	730

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

For the year ended March 31, 2022
(Unaudited)

	2022	2021
REVENUES		
Taxes	\$ 118,064,148	\$ 114,286,696
Grants in lieu of taxes	9,436,816	9,518,894
Services provided to other governments	801,142	794,749
Sales of services	1,796,453	1,017,072
Revenue from own sources	11,211,569	10,221,094
Unconditional transfers from other governments	31,175,896	15,789,117
Conditional transfers from other governments	4,260,247	4,412,501
Extraordinary revenue	-	3,918,775
	176,746,271	159,958,898
EXPENSES		
General government services	15,224,793	16,101,127
Protective services	53,053,536	51,280,969
Transportation services	35,242,511	32,348,941
Environmental health services	18,893,401	16,306,948
Public health and welfare services	2,320,861	2,315,534
Environmental development services	1,351,472	991,767
Recreation and cultural services	9,752,691	8,702,965
Educational services	15,282,089	14,871,660
	151,121,354	142,919,911
Excess of revenues over expenses before the following	25,624,917	17,038,987
FINANCING AND TRANSFERS		
Debtenture and term loan principal instalments	(7,965,269)	(10,179,869)
Transfer to special reserve funds	(16,821,368)	(5,243,687)
Transfer to general capital fund	(1,852,912)	(1,466,680)
Amortization of bond discount	(58,527)	(54,740)
	(26,698,076)	(16,944,976)
CHANGE IN FUND BALANCE	(1,073,159)	94,011
FUND BALANCE, BEGINNING OF YEAR	(60,717,652)	(60,811,663)
FUND BALANCE, END OF YEAR	\$ (61,790,811)	\$ (60,717,652)

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

For the year ended March 31, 2022
(Unaudited)

	2022	2021
OPERATING REVENUES		
Metered sales	\$ 19,345,910	\$ 19,353,217
Public fire protection	7,076,391	7,076,387
Consumer's interest	661,977	554,682
	<u>27,084,278</u>	<u>26,984,286</u>
OPERATING EXPENSES		
Source of supply	500,111	419,384
Power and pumping	1,827,573	1,820,037
Water treatment	4,506,364	4,286,048
Transmission and distribution	4,732,871	4,063,697
Administration and general	2,858,054	2,775,844
Taxes	1,987,221	1,987,081
	<u>16,410,194</u>	<u>15,352,091</u>
Excess of revenues over expenses before the following	10,674,084	11,632,195
NON-OPERATING REVENUES		
Miscellaneous	111,796	7,602
NON-OPERATING EXPENSES		
Interest on debentures	1,065,842	1,209,151
Amortization of debt discounts	32,545	32,545
Other	24,151	6,042
Transfer to water capital fund	8,666,766	7,409,802
Transfer to general capital fund	650,000	650,000
	<u>10,439,304</u>	<u>9,307,540</u>
CHANGE IN FUND BALANCE	<u>346,576</u>	<u>2,332,257</u>
FUND BALANCE, BEGINNING OF YEAR	6,568,351	4,236,094
FUND BALANCE, END OF YEAR	<u>\$ 6,914,927</u>	<u>\$ 6,568,351</u>

Cape Breton Regional Municipality
Schedule of Capital Fund and Change in Fund Balance
For the year ended March 31, 2022
(Unaudited)

	2022	2021
REVENUES		
Capital grants	\$ 14,463,770	\$ 18,156,360
Gain on disposal of assets	4,250,000	—
	<u>18,713,770</u>	<u>18,156,360</u>
EXPENSES		
General government services	278,932	240,093
Protective services	1,385,808	1,691,182
Transportation services	8,948,090	8,510,372
Environmental health services	3,084,859	3,052,533
Recreation and cultural services	1,805,834	2,390,314
Planning and development services	730,471	399,179
	<u>16,230,994</u>	<u>16,283,673</u>
Excess of revenues over expenses before the following	2,473,776	1,872,687
FINANCING AND TRANSFERS		
Transfer from reserve funds	10,253,779	8,667,259
Transfer from general operating fund	1,852,912	1,466,680
Transfer from water operating fund	650,000	650,000
Debenture and term loan principal instalments	7,965,269	10,179,869
	<u>20,721,960</u>	<u>20,963,808</u>
CHANGE IN FUND BALANCE	23,195,736	22,836,495
FUND BALANCE, BEGINNING OF YEAR	268,500,853	245,664,358
FUND BALANCE, END OF YEAR	<u>\$ 291,696,589</u>	<u>\$ 268,500,853</u>

Cape Breton Regional Municipality
Schedule of Water Utility Capital Fund and Change in Fund Balance
For the year ended March 31, 2022
(Unaudited)

	2022	2021
REVENUES		
Capital grants	\$ -	\$ -
EXPENSES		
Amortization	3,729,115	3,695,302
Deficiency of revenues over expenses before the following	(3,729,115)	(3,695,302)
FINANCING AND TRANSFERS		
Transfer from water operating fund	8,666,766	7,409,802
CHANGE IN FUND BALANCE	4,937,651	3,714,500
FUND BALANCE, BEGINNING OF YEAR	96,619,980	92,905,480
FUND BALANCE, END OF YEAR	\$ 101,557,631	\$ 96,619,980

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

For the year ended March 31, 2022
(Unaudited)

	Budget (Unaudited)	2022	2021
REVENUES			
Wharfage and berthage	\$ 360,941	\$ 427,711	\$ 352,977
Passenger tax			-
Events	48,400	51,763	15,516
Security	57,465	65,679	56,425
Storage and rental	133,817	144,380	103,903
Sundry	4,850	13,557	7,466
Government funding	20,000	371,710	483,754
	<u>625,473</u>	<u>1,074,800</u>	<u>1,020,041</u>
EXPENSES			
Advertising and promotion	10,610	10,860	10,889
Bad debts	1,000	1,655	-
Cruise activities	17,650	321	1,588
Dues and fees	89,226	8,564	26,131
Events	2,600	2,149	870
Insurance	53,300	52,070	52,409
Interest and bank charges	3,270	3,990	3,168
Miscellaneous	4,200	5,830	4,465
Office and administration	7,787	8,167	7,877
Professional fees	35,200	129,013	58,215
Rent	52,320	52,320	47,960
Repairs and maintenance	144,331	105,527	27,570
Security	43,326	45,115	35,230
Travel	4,000	10,992	1,886
Utilities	157,880	173,452	127,432
Wages and benefits	616,794	613,059	524,333
	<u>1,193,494</u>	<u>1,223,084</u>	<u>930,023</u>
Excess (deficiency) of revenues over expenses before the following	(568,021)	(148,284)	90,018
Amortization of capital assets	(400,000)	(363,172)	(419,438)
CHANGE IN FUND BALANCE	\$ (968,021)	(511,456)	(329,420)
FUND BALANCE, BEGINNING OF YEAR		4,529,534	4,858,954
FUND BALANCE, END OF YEAR		\$ 4,018,078	\$ 4,529,534

Cape Breton Regional Municipality
Schedule of Reserve Funds and Change in Fund Balance
For the year ended March 31, 2022
(Unaudited)

	2022	2021
REVENUES		
Investment income	\$ 112,329	\$ 121,583
Sale of properties	844,938	666,484
Grants	31,822,124	9,792,899
	<u>32,779,391</u>	<u>10,580,966</u>
FINANCING AND TRANSFERS		
Transfer from operating fund	16,821,368	5,243,687
Transfer to capital funds	(10,253,779)	(8,667,259)
	<u>6,567,589</u>	<u>(3,423,572)</u>
CHANGE IN FUND BALANCE	<u>39,346,980</u>	<u>7,157,394</u>
FUND BALANCE, BEGINNING OF YEAR	21,820,659	14,663,265
FUND BALANCE, END OF YEAR	<u>\$ 61,167,639</u>	<u>\$ 21,820,659</u>

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Cape Breton Regional Municipality
Schedule of Water Utility Reserve Funds and Change in Fund Balance
For the year ended March 31, 2022
(Unaudited)

	2022	2021
REVENUES		
Investment income	\$ (242)	\$ 9,933
CHANGE IN FUND BALANCE	(242)	9,933
FUND BALANCE, BEGINNING OF YEAR	2,048,176	2,038,243
FUND BALANCE, END OF YEAR	\$ 2,047,934	\$ 2,048,176

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**Cape Breton Regional Municipality
Water Utility
Financial Statements**

March 31, 2022

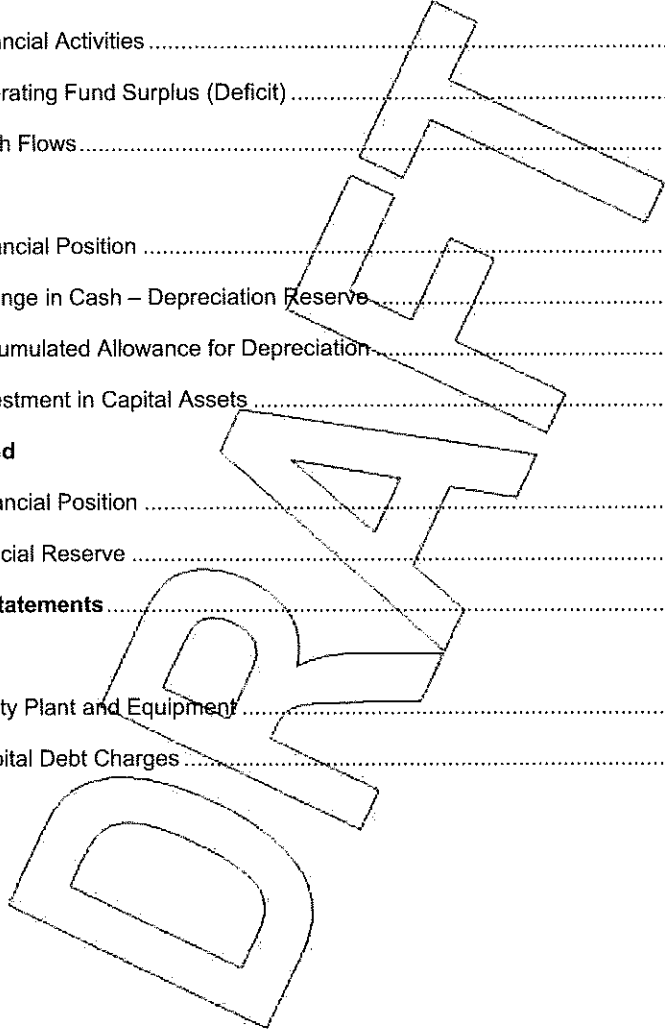
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**Cape Breton Regional Municipality Water Utility
Financial Statements**

For the year ended March 31, 2022

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Cape Breton Regional Municipality Water Utility
Statement of Financial Position – Operating Fund

As at March 31, 2022

	2022	2021
ASSETS		
Cash	\$ 2,550,750	\$ 2,818,312
Water rates receivable (less allowance for doubtful accounts \$896,329 (2021 - \$848,247))	10,451,906	9,079,391
Sundry receivables	109,762	210,531
Inventories	394,636	391,759
	\$ 13,507,054	\$ 12,499,993
LIABILITIES		
Payables and accruals	\$ 4,945,245	\$ 3,939,751
Unearned revenue	1,384,337	1,710,438
Due to Cape Breton Regional Municipality General section, operating fund	–	1,291,694
General section, capital fund	693,440	–
Due to water utility, capital fund	3,852,053	3,571,207
	10,875,075	10,513,090
SURPLUS	2,631,979	1,986,903
	\$ 13,507,054	\$ 12,499,993

See accompanying notes to financial statements.

On behalf of the Cape Breton Regional Municipality Water Utility:

Mayor

Clerk

Cape Breton Regional Municipality Water Utility
Statement of Financial Activities – Operating Fund

For the year ended March 31, 2022

	2022	2021	
	Budget (Unaudited)	Actual	Actual
OPERATING REVENUES			
Metered sales	\$ 19,218,619	\$ 19,345,910	\$ 19,353,217
Public fire protection	7,076,391	7,076,391	7,076,387
Consumer's interest	350,000	661,977	554,682
Service connections	66,000	111,796	7,600
	26,711,010	27,196,074	26,991,886
OPERATING EXPENSES			
Source of supply	532,140	500,112	419,384
Power and pumping	1,962,642	1,827,573	1,820,037
Water treatment	4,850,044	4,506,364	4,286,048
Transmission and distribution	4,863,008	5,382,871	4,713,697
Administration and general	3,328,327	2,856,054	2,775,844
Depreciation	3,850,000	3,729,115	3,695,302
Taxes	2,020,300	1,987,221	1,987,081
	21,406,461	20,789,310	19,697,393
Excess of operating revenues over expenses before the following	5,304,549	5,406,764	7,294,493
NON-OPERATING REVENUES			
Amortization of deferred capital contributions	281,171	298,502	298,504
NON-OPERATING EXPENSES			
Debt charges			
Provision for principal repayment	3,564,500	3,564,500	3,564,500
Interest	1,065,842	1,065,842	1,209,151
Amortization of debt discounts	32,000	32,545	32,545
Bank fees/charges	202,030	24,151	6,042
Capital expenditures out of operations	1,250,000	1,373,152	150,000
	6,114,372	6,060,190	4,962,238
CHANGE IN FUND BALANCE	\$ (528,652)	\$ 645,076	\$ 2,630,759

See accompanying notes to financial statements.

Cape Breton Regional Municipality Water Utility
Statement of Operating Fund Surplus (Deficit)

For the year ended March 31, 2022

	2022	2021
SURPLUS (DEFICIT), BEGINNING OF YEAR	\$ 1,986,903	\$ (643,856)
Change in fund balance	645,076	2,630,759
SURPLUS END OF YEAR	\$ 2,631,979	\$ 1,986,903

See accompanying notes to financial statements.

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Cape Breton Regional Municipality Water Utility
Statement of Cash Flows – Operating Fund

For the year ended March 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in fund balance	\$ 645,076	\$ 2,630,759
Change in non-cash operating working capital		
Water rates receivable	(1,372,515)	(426,318)
Sundry receivables	100,769	(109,368)
Inventories	(2,877)	(22,773)
Payables and accruals	1,005,494	147,964
Unearned revenue	(326,101)	184,467
	49,846	2,404,731
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to Cape Breton Regional Municipality, operating fund	(1,297,694)	(634,714)
Increase (decrease) in due to Cape Breton Regional Municipality, capital fund	693,440	(650,000)
Increase (decrease) in due to water utility, capital fund	280,846	(10,054,495)
	(317,408)	(11,339,209)
DECREASE IN CASH AND CASH EQUIVALENTS	(267,562)	(8,934,478)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,818,312	11,752,790
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,550,750	\$ 2,818,312

See accompanying notes to non-consolidated financial statements.

Cape Breton Regional Municipality Water Utility
Statement of Financial Position – Capital Fund

As at March 31, 2022

	2022	2021
ASSETS		
Cash	\$ 6,287,355	\$ 3,129,062
Cash – depreciation reserve	480,170	480,170
HST receivable	41,124	19,936
	6,808,649	3,629,168
Due from water utility, operating fund	3,852,053	3,571,207
Due from general operating fund	–	90,747
Unamortized debt discount	58,201	70,679
Capital assets		
Utility plant in service (Schedule A)	180,526,292	178,663,915
Work in progress	128,585	164,657
Properties adjoining watershed	174,977	174,977
	180,829,854	179,003,549
	\$ 191,548,757	\$ 186,365,350
LIABILITIES		
Accounts and holdbacks payable	\$ 72,578	\$ 46,065
Due to Cape Breton Regional Municipality		
General section, capital fund	371,101	17,972
Term debt (Schedule B)	21,937,000	25,501,500
	22,380,679	25,565,537
DEFERRED CAPITAL CONTRIBUTIONS	12,252,332	12,550,834
RESERVES		
Accumulated allowance for depreciation of utility plant (note 3)	65,253,819	61,524,704
FUND BALANCE	91,661,927	86,724,275
	\$ 191,548,757	\$ 186,365,350

See accompanying notes to financial statements.

On behalf of the Cape Breton Regional Municipality Water Utility:

_____ Mayor

_____ Clerk

**Cape Breton Regional Municipality Water Utility
Statement of Change in Cash – Depreciation Reserve**

For the year ended March 31, 2022

	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 480,170	\$ 480,170
Depreciation	3,729,115	3,695,302
Amortization of capital contributions	(298,502)	(298,504)
Capital purchases	(453,153)	(3,396,798)
Fund, end of year	3,457,630	480,170
Amount unfunded	(2,977,460)	-
CASH, END OF YEAR	\$ 480,170	\$ 480,170

Statement of Accumulated Allowance for Depreciation

For the year ended March 31, 2022

	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 61,524,704	\$ 57,829,402
Depreciation for the year	3,729,115	3,695,302
BALANCE, END OF YEAR	\$ 65,253,819	\$ 61,524,704

Statement of Investment in Capital Assets

For the year ended March 31, 2022

	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 86,724,275	\$ 83,009,775
Term debt retired	3,564,500	3,564,500
Capital out of operations	1,373,152	150,000
BALANCE, END OF YEAR	\$ 91,661,927	\$ 86,724,275

See accompanying notes to non-consolidated financial statements.

**Cape Breton Regional Municipality Water Utility
Statement of Financial Position – Special Reserve Fund**

As at March 31, 2022

	2022	2021
ASSETS		
Cash	\$ 1,166,626	\$ 1,166,626
Term deposit	881,308	881,550
	\$ 2,047,934	\$ 2,048,176
RESERVE		
Special reserve	\$ 2,047,934	\$ 2,048,176

See accompanying notes to financial statements.

On behalf of the Cape Breton Regional Municipality Water Utility.

_____ Mayor

_____ Clerk

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Cape Breton Regional Municipality Water Utility
Statement of Special Reserve

For the year ended March 31, 2022

	2022		2021			
	Non-shareable debt expenditure	Future capital expenditure	Watershed land acquisition	Sysco waterline maintenance	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 55,378	\$ 936,859	\$ 339,694	\$ 716,245	\$ 2,048,176	\$ 2,038,243
Net income (expense) on investments	(10)	(164)	(68)	-	(242)	9,933
BALANCE, END OF YEAR	\$ 55,368	\$ 936,695	\$ 339,626	\$ 716,245	\$ 2,047,934	\$ 2,048,176

See accompanying notes to financial statements.

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Cape Breton Regional Municipality Water Utility

Notes to Financial Statements

For the year ended March 31, 2022

The Cape Breton Regional Municipality Act, assented to by the Province of Nova Scotia on July 30, 1994, legislated the incorporation of the Cape Breton Regional Municipality as of August 1, 1995.

The Cape Breton Regional Municipality Water Utility assumed the operations, as of August 1, 1995, of the following utilities:

Town of Sydney Mines Water Utility
Town of North Sydney Water Utility
Sydney Water Commission
Municipality of the County of Cape Breton Water Utility
Town of Glace Bay Water Utility
Town of Dominion Water Utility
New Waterford and District Water Commission
Town of Louisbourg Water Utility

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with generally accepted accounting principles adopted for Water Utilities in Nova Scotia and are intended for the use of the Cape Breton Regional Municipality Water Utility (the Utility), Council and Service Nova Scotia and Municipal Relations.

The basis of accounting used in these financial statements differs materially from generally accepted accounting principles (GAAP) as prescribed by the Chartered Professional Accountants of Canada Handbook (the CPA Handbook). The significant differences between generally accepted accounting principles for Water Utilities in Nova Scotia and the CPA Handbook are that the CPA Handbook requires:

- Financial statements be prepared on a consolidated basis to reflect the assets, liabilities, revenues and expenses, and changes in fund balances and in financial position of all organizations, commissions and agencies which are owned or controlled by the Water Utility. This would include, at a minimum, the individual funds represented in these financial statements – Operating Fund, Capital Fund and Reserve Funds. The consolidated financial statements prepared in accordance with the CPA Handbook would include a Statement of Financial Position, Statement of Financial Activities and a Statement of Changes in Fund Balances;
- Revenue and expenses be recorded on a full accrual basis;
- Water Utility capitalize all of its capital acquisitions rather than charging some to operations in the year acquired; and
- Principal debt repayments not be recorded as an expense of the Water Utility;

Cape Breton Regional Municipality Water Utility

Notes to Financial Statements

For the year ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Cash and cash equivalents

Cash and cash equivalents of the operating fund is defined as cash on hand and on deposit at banks net of outstanding cheques and deposits.

(c) Revenue and expenses

Major revenue and expense items are recorded on an accrual basis.

Certain sources of revenue, including forfeited discounts and interest on past due rates, are recorded on a cash basis.

Capital grants and contributions are recorded using the deferral method of accounting and are amortized to revenue at a rate corresponding with the amortization of the related capital asset.

Principal and interest payments relating to long-term debt are recorded as an expenditure on an accrual basis.

(d) Allowance for doubtful accounts

A valuation allowance is provided for estimated losses that will be incurred in collecting rates receivable outstanding.

(e) Inventories

Inventories are stated at cost.

(f) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2. TRANSACTIONS WITH CAPE BRETON REGIONAL MUNICIPALITY

a) In general, and where identifiable, costs incurred by the Cape Breton Regional Municipality on behalf of the water utility are charged to the utility.

b) Salary and wage-related costs are allocated in proportion to time spent performing functions on behalf of the water utility.

Cape Breton Regional Municipality Water Utility

Notes to Financial Statements

For the year ended March 31, 2022

2. TRANSACTIONS WITH CAPE BRETON REGIONAL MUNICIPALITY (CONTINUED)

- c) As prescribed by the Nova Scotia Utility and Review Board, there is a yearly administration fee charged to the Water Utility by the Cape Breton Regional Municipality, which includes salary, overhead, utilities and other administration charges totaling \$7,981,249 (2021 - \$7,741,887).
- d) The water utilities provide public fire protection to the municipality. The charge for this service (included in operating revenues) amounted to \$7,076,391 (2021 - \$7,076,387). The charge is governed by the Nova Scotia Utility and Review Board.
- e) The water utility is not exempt from municipal taxation within the Cape Breton Regional Municipality.
- f) The various funds of the Cape Breton Regional Municipality Water Utility and the Municipality include a series of interfund balances as noted in the respective funds. All interfund balances will be settled within the next fiscal period. No interest has been charged or paid on the interfund balances outstanding.

3. RATE OF RETURN ON RATE BASE

For the year ended March 31, 2022, the Cape Breton Regional Municipality Water Utility had a rate of return on rate base of 5.2% (2021 – 7.0%).

4. COVID-19

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Water Utility as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Cape Breton Regional Municipality Water Utility
Schedule A - Utility Plant and Equipment

For the year ended March 31, 2022

	2022	2021
Organization	\$ 4,000	\$ 4,000
Working capital	70,162	70,162
	74,162	74,162
Land and land rights		
Source of supply land	1,376,122	1,231,604
Power and pumping land	343,374	343,374
Transmission land	157,021	157,021
	1,876,517	1,731,999
Structures and improvements		
Source of supply	19,012,595	19,012,595
Power and pumping	7,386,572	7,386,572
Purification structures	2,791,214	2,757,842
Distribution and storage	5,336,968	5,336,968
Shop	299,817	299,817
	34,827,166	34,793,794
Equipment		
Electrical pumping equipment	3,776,122	3,776,122
Diesel pumping equipment	543,261	543,261
Purification equipment	23,933,954	23,573,054
Office furniture and equipment	362,453	362,453
Transportation equipment	309,945	309,945
Meter shop equipment	30,689	30,689
Tools and work equipment	268,948	268,948
Motor operated tools	680,584	680,584
Other	690,072	690,072
	30,596,028	30,235,128
Mains		
Transmission	31,579,074	31,553,000
Distribution	50,890,151	50,103,378
	82,469,225	81,656,378
Services	14,871,281	14,606,775
Meters	11,896,759	11,703,626
Hydrants	3,915,154	3,862,053
	\$ 180,526,292	\$ 178,663,915

Cape Breton Regional Municipality Water Utility
Schedule B - Capital Debt Charges

For the year ended March 31, 2022

	Date of Issue	Maturity Date	Interest Rate %	Balance March 31, 2021	Issued	Redeemed	Balance March 31, 2022
Municipal Finance Corporation							
27-A-1	2007	2022	4.745 – 4.770	\$ 6,401,500	\$ –	\$ 914,500	\$ 5,487,000
28-A-1	2008	2023	4.949 – 5.088	5,600,000	–	700,000	4,900,000
30-A-1	2010	2025	4.500 – 4.875	7,500,000	–	750,000	6,750,000
33-A-1	2013	2023	2.454 – 2.979	2,400,000	–	800,000	1,600,000
34-A-1	2014	2029	2.516 – 3.792	3,600,000	–	400,000	3,200,000
				\$ 25,501,500	\$ –	\$ 3,564,500	\$ 21,937,000

Principal repayments required during the next five years are as follows:

2023	\$ 8,137,000
2024	\$ 6,150,000
2025	\$ 1,150,000
2026	\$ 4,900,000
2027	\$ 400,000

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Cape Breton Regional Municipality

2022 Audit Findings

Report to the Audit Committee

March 31, 2022

Darren Chiasson, CPA, CA

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Wherever business takes you

MNP.ca

September 26, 2022

Members of the Audit Committee of Cape Breton Regional Municipality

Dear Audit Committee:

We are pleased to submit to you this report for discussion of our audit of the consolidated financial statements of Cape Breton Regional Municipality (the "Municipality") and financial statements of the Cape Breton Regional Municipality Water Utility (the "Water Utility") as at March 31, 2022 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Audit Committee.

We have substantially completed our audits of the consolidated financial statements of the Municipality and the financial statements of the Water Utility which have been carried out in accordance with Canadian generally accepted auditing standards.

Unless unforeseen complications arise, our Independent Auditor's Report will provide unmodified opinions to the Mayor and Council of the Municipality and the Water Utility. A draft copy of our proposed Independent Auditor's Report are attached at the end of this report.

This report is intended solely for the information and use of the Audit Committee and management and should not be distributed to or used by any other parties than these specified parties.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We would like to express our appreciation for the excellent cooperation we have received from management and employees with whom we worked.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,



Chartered Professional Accountants

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Introduction

As auditors, we report to the Mayor and Council on the results of our examination of the consolidated financial statements of Cape Breton Regional Municipality (the "Municipality") and financial statements of the Cape Breton Regional Municipality Water Utility (the "Water Utility") as at and for the year ended March 31, 2022. The purpose of this Audit Findings Report is to assist you, as members of the Audit Committee, in your review of the results of our audit. To facilitate in your understanding of our findings, Appendix A to this report summarizes our audit process.

Our report will discuss the status of our engagement, as well as communicate to you significant audit, accounting and reporting matters arising from our procedures.

We hope that this report is of assistance to you, and we look forward to discussing our findings and answering your questions.

Engagement Status

We have substantially completed our audit of the consolidated financial statements of the Municipality and Water Utility and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedures:

- Receipt of the signed management representation letter;
- Discussion of subsequent events with the Audit Committee;
- The Council's review and approval of the Municipality's consolidated financial statements and the Water Utility financial statements.

Independent Auditor's Report

We expect to have the above procedures completed and to release our Independent Auditor's Report on September 28, 2022.

Unless unforeseen complications arise, our Independent Auditor's Report will provide unmodified opinion to the Mayor and Council of the Municipality and the Water Utility. A draft copy of our proposed Independent Auditor's Report has been included with this report.

Significant Audit, Accounting and Reporting Matters

Audit and Reporting Matters

The following significant matters arose during the course of audit that we wish to bring to your attention.

Area	Comments
Changes from Audit Service Plan	There were no deviations from the Audit Service Plan previously presented to you. Please refer to Appendix B for the significant areas and our audit responses.
Difficulties Encountered	No significant limitations were placed on the scope or timing of our audit.
Identified or Suspected Fraud	<p>Due to the inherent limitations of an audit and the nature of fraud, including attempts at concealment through forgery or collusion, an audit conducted in accordance with Canadian generally accepted auditing standards cannot be relied upon to detect fraud.</p> <p>While our audit cannot be relied upon to detect all instances of fraud, other than as disclosed by management, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.</p>
Identified or Suspected Non-Compliance with Laws And Regulations	Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.
Matters Arising in Connection With Related Parties	No significant matters arose during the course of our audit in connection with related parties of the Municipality.
Significant Deficiencies in Internal Control	<p>Our audit process focuses on understanding the controls utilized in management's reporting systems, including for estimates, to the extent necessary to identify overall and specific financial reporting risks. This risk assessment allows us to concentrate our audit procedures on high risk areas and, where possible, place reliance on controls within the financial reporting system to reduce the extent of our testing.</p> <p>It is important to note that our assessment was not, nor was it intended to be, sufficient to comment or conclude on the sufficiency of internal controls.</p>

Area	Comments
	<p>We are required under Canadian generally accepted auditing standards to communicate all significant deficiencies identified during an audit to the Audit Committee on a timely basis. However, we may not be aware of all significant deficiencies that do, in fact, exist.</p> <p>While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, we have detected significant deficiencies in internal control. These deficiencies are reported in the Management Letter.</p>
Going Concern	<p>No events or conditions were identified during the audit that may cast significant doubt on the entity's ability to continue as a going concern including: Whether the events or conditions constitute a material uncertainty, whether management's use of the going concern basis of accounting is appropriate in the preparation of the financial statements, adequacy of related disclosures, etc.</p>
Matters Arising from Discussions With Management	<p>We would like to formally acknowledge the cooperation and assistance we received from the management and staff of the Municipality.</p> <p>There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.</p>
Significant Differences	<p>One significant adjustment was proposed to management with respect to the March 31, 2022 Water Utility financial statements. A summary of significant differences has been included as Appendix C to this report.</p>
Final Materiality	<p>Materiality is a concept used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. The scope of our audit work is tailored to reflect the relative size of operations of the Municipality, and is affected by our assessment of materiality and audit risk.</p> <p>Final materiality used for the consolidated financial statement audit was \$6,022,000 for the water utility financial statement audit was \$818,700 for March 31, 2022.</p>

Auditor's Views of Significant Accounting Practices

The application of Canadian public sector accounting standards allows and requires the Municipality to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.

As auditors, we are uniquely positioned to provide open and objective feedback regarding your Municipality's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.

Area	Comments
Accounting Policies	The accounting policies used by the Municipality and Water Utility are appropriate and have been consistently applied.
Accounting Estimates	<p data-bbox="618 709 1084 737">Solid Waste Management Facilities Liability</p> <p data-bbox="618 779 1409 909">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.</p> <p data-bbox="618 951 1398 1144">Costs used in the determination of this liability estimate is based on the cost per hectare used to remediate the Sydney landfill in 2007, the cost of which was updated by a professional firm in 2019. Each year, management adjusts the cost for inflation, regulation (if applicable) and completed remediation sites. A future value is then applied and present value calculated based on a rate from a reliable source.</p> <p data-bbox="618 1186 1317 1249">This process is reasonable given the inputs and values known to management.</p>
Financial Statement Disclosures	The disclosures made in the notes to the consolidated and Water Utility financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the consolidated and Water Utility financial statements.

Other Matters

Management Representations

We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. These letters, provided by management, have been included as additional material to this report.

Auditor Independence

We confirm to the Audit Committee that we are independent of the Municipality and Water Utility. Our letter to the Audit Committee discussing our independence is included as part of the additional materials attached to this report.

Appendix A - MNP Audit Process

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the consolidated and Water Utility financial statements considered separately.

Our audit process focused on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment enabled us to concentrate our audit procedures on the areas where differences were most likely to arise. Where possible, reliance was placed on the controls within these systems to reduce the extent of our testing of transactions and year-end balances. Our assessment was not, nor was it intended to be, sufficient to conclude on the effectiveness or efficiency of internal controls.

During the course of our audit, we have:

- Examined, on a test basis, evidence supporting the amounts and disclosures in the consolidated and Water Utility financial statements;
- Assessed the accounting principles used and significant estimates made by management;
- Obtained an understanding of the Municipality and Water Utility and its environment, the applicable financial reporting framework and the Municipality's and Water Utility's system of internal control (regardless of whether we relied on them for the purpose of the audit), sufficient to identify and assess the risks of material misstatement of the consolidated and Water Utility financial statements and to design and perform audit procedures;
- Reviewed and assessed those accounting systems deemed necessary to support our audit opinion;
- Evaluated the overall consolidated and Water Utility financial statement presentation;
- Performed a subsequent events review with management;
- Reviewed and assessed the status of contingencies, commitments and guarantees; and
- Reviewed and assessed exposure to environmental liabilities.

We have obtained written representations from management, included as additional materials following this report, in order to confirm oral representations given to us and reduce the possibility of misunderstanding. Specifically, we have obtained written confirmation of significant representations provided on matters that are:

- Directly related to items that are material, either individually or in the aggregate, to the consolidated and Water Utility financial statements;
- Not directly related to items that are material to the consolidated and Water Utility financial statements, but are significant, either individually or in the aggregate, to the engagement; and
- Matters relevant to management judgments or estimates that are material, either individually or in the aggregate, to the consolidated and Water Utility financial statements.

Appendix B - Significant Risk Areas and Responses

Significant Risk Areas and Responses

Significant Risk Area	Response and Conclusion
<p>Site contamination and landfill liabilities/asset retirement obligations</p> <p>Risk that financial records have not been updated for new estimated restoration costs.</p>	<p>Recalculated estimate and assessed source documents and assumptions.</p> <p>No issues noted.</p>
<p>Accrued employee benefits</p> <p>The information used to calculate portions of the liability are not compiled annually and therefore subject to significant management judgement and estimate uncertainty</p>	<p>MNP obtained management's assessment of the liability, and recalculated and substantively tested the balance and assumptions, including retirements, union and COLA increases.</p> <p>While the calculations are reasonable based on the information used, it is not a comprehensive revaluation of the estimate.</p>
<p>Tax revenues</p> <p>Risk that all revenue received has not been recorded</p>	<p>Performed substantive test of details on tax accounts to ensure proper tax amount applied to account (amount, classification)</p> <p>Performed substantive analytical procedure based on PVSC values for CBRM for the year compared to recorded tax revenue.</p> <p>No issues noted.</p>
<p>Government grants, grants-in-lieu, transfers</p> <p>Risk that grants-in-lieu received were not properly recorded</p>	<p>Performed substantive test of details to ensure proper amounts received/recorded.</p> <p>No issues noted.</p>
<p>Other Revenue</p> <p>Risk that all revenue received has not been recorded.</p>	<p>Reviewed supporting documentation for individual items exceeding our high value threshold as well as substantive test of details for remaining population based on high risk factor to ensure proper recording/receipt of sale.</p> <p>No issues noted.</p>

Appendix B - Significant Risk Areas and Responses (continued from previous page)

<p>Interest on tax accounts</p> <p>Risk of improper calculation of resident tax interest.</p>	<p>Recalculated interest on tax accounts. No issues noted.</p>
<p>Water Utility Revenue</p> <p>Risk that all revenue received has not been recorded</p>	<p>Performed substantive test on water accounts ensuring proper recording and calculation. Perform substantive analytical calculation of water revenue based on usage and base charges to determine overall reasonableness of water revenue. No issues noted.</p>

Appendix C - Summary of Significant Differences

See attachment for details of Significant Unadjusted Differences.

Canadian generally accepted auditing standards require that we request of management and the Audit Committee that identified unadjusted differences be corrected. We have made this request of management, however based on both quantitative and qualitative considerations management has decided not to correct those identified differences that remain unadjusted. They have represented to us that in their judgment the unadjusted differences are, both individually and in the aggregate, not material to the consolidated and Water Utility financial statements.

We concur with management's representation that the unadjusted differences are not material to the consolidated financial statements and, accordingly, these unadjusted differences have no effect on our Independent Auditor's Report.

**Cape Breton Regional Municipality - Water Utility
 Summary of Unadjusted Audit Differences
 31-Mar-22**

Description	Impact of audit differences on financial statement captions - Debit/(Credit)							
	Income Effect			Statement of Financial Position				
	Audit Difference arising in	Total		Net Assets	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities
	Current Period	Prior Period						
<u>Effect of prior period uncorrected audit differences:</u>	-	(61,540)	(61,540)	(150,550)	-	(30,250)	180,800	-
<u>Uncorrected audit differences in the current period</u>								
Accrued Payables -operating	-	-	-	-	-	-	55,224	-
Debt charges	(55,224)	-	(55,224)	(55,224)	-	-	-	-
To adjust accrued debt payment								
Aggregate of uncorrected audit differences	(55,224)	(61,540)	(116,764)	(205,774)	-	(30,250)	236,024	-

Draft Independent Auditor's Report

(See Attached)

Independent Auditor's Report

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 2-21, which comprise the consolidated statement of financial position as at March 31, 2022, 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, 2022, 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 22 - 28 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

Chartered Professional Accountants

Independent Auditor's Report

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

We have audited the financial statements of Cape Breton Regional Municipality Water Utility (the "Water Utility"), which comprise the statement of financial position as at March 31, 2022, and the statements of financial activities, operating fund surplus, reserves and cash flows for the year 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 Water Utility as at March 31, 2022, and the results of its financial performance and its cash flows for the year then ended in accordance with the Accounting and Reporting Handbook for Water Utilities in Nova Scotia.

Basis for Opinion

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. 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 Water Utility 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting and Reporting Handbook for Water Utilities in Nova Scotia, 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 Water Utility'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 Water Utility or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Water Utility'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 Water Utility'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 Water Utility'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 Water Utility 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Water Utility 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

Chartered Professional Accountants

Management Representations

(See Attached)

Cape Breton Regional Municipality
320 Esplanade
Sydney, NS B1P 7B9

September 28, 2022

MNP LLP
Commerce Tower 15 Dorchester St.
Suite 500 PO Box 1
Sydney, Nova Scotia B1P 6G9

To Whom It May Concern:

In connection with your audit of the consolidated financial statements of Cape Breton Regional Municipality (the "Municipality") as at March 31, 2022 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the consolidated financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the consolidated financial statements would influence the decision of a reasonable person relying on the consolidated financial statements.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 27, 2022, for the preparation and fair presentation of the Municipality's consolidated financial statements in accordance with Canadian public sector accounting standards. We believe these consolidated financial statements are complete and present fairly, in all material respects, the financial position of the Municipality as at March 31, 2022 and the results of its operations and its cash flows, in accordance with Canadian public sector accounting standards.
2. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the Municipality's consolidated financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the consolidated financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Canadian public sector accounting standards, and are applied consistently throughout the consolidated financial statements.

4. All significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
 5. The selection and application of the methods, assumptions and data used in making the accounting estimates are consistent and appropriate.
 6. The assumptions relevant to accounting estimates and disclosures appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
 7. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of Canadian public sector accounting standards.
 8. No subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements.
 9. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the consolidated financial statement effects of the entries.
 10. We believe the effects of those uncorrected consolidated financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole. A summary of these differences has been attached to this written representation.
 11. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
 12. All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed appropriately in the consolidated financial statements.
 13. We further acknowledge the following items related specifically to COVID-19:
 - We have assessed the impact of COVID-19 on the Municipality's operations and have provided you all information relevant to the impact it has had and/or is anticipated to have on the Municipality's operations.
 - We have made available to you all source documentation requested, whether in original or scanned/electronic format. Where information has been provided in scanned/electronic format, it has been accurately reproduced.
 - All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed appropriately in the consolidated financial statements.
 14. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the consolidated financial statements in accordance with Canadian public sector accounting standards.
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15. All liabilities, both known and contingent, requiring recognition or disclosure in the consolidated financial statements in accordance with the requirements of Canadian public sector accounting standards have been adjusted or disclosed as appropriate.
16. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the consolidated financial statements.
17. All assets, wherever located, to which the Municipality had satisfactory title at the year-end, have been fairly stated and recorded in the consolidated financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the consolidated financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, are appropriately reported in the consolidated financial statements.
18. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the consolidated financial statements.
19. All cash accounts have been appropriately recorded in the consolidated financial statements and all terms and associated conditions have been disclosed to you in full. We have provided you with the most current banking agreements.
20. Accounts and contributions receivable are correctly described in the records and represent valid claims as at March 31, 2022. An appropriate allowance has been made for losses from uncollectible accounts and for costs or expenses that may be incurred with respect to sales made or services rendered.
21. Inventory is correctly recorded in the consolidated financial statements in accordance with the requirements of Canadian public sector accounting standards. All required provisions for slow-moving, obsolete, and unsaleable stock have been recorded. Inventory does not include any goods on consignment to others or goods invoiced to customers.
22. All charges to tangible capital assets and additions under capital leases represent capital expenditures. No expenditures of a capital nature were charged to operations of the Municipality. Depreciation of property, plant and equipment and equipment under capital leases has been recorded according to our best estimates of their useful lives. All events or circumstances giving rise to impairments are appropriately reflected in the consolidated financial statements.
23. Government transfers have been recognized when the transfer is authorized, and all eligibility criteria have been met.
24. All long-term debt and capital lease obligations has been appropriately recorded in the consolidated financial statements. All payments and accrued interest have been accounted for. The current portion of long-term debt and capital lease obligations is appropriately classified. All terms and conditions have been fully disclosed in the consolidated financial statements. We have provided you with the most current debt and financing agreements.
25. Revenue has been recognized only where sales have been made and items delivered, or services rendered, and the amounts have been collected or are collectible. Revenues do not include any amounts arising from consignment sales or from any other transaction from which the Municipality is not entitled to the proceeds.

26. We have identified all financial instruments, including derivatives, and hedging relationships. These have been appropriately recorded and disclosed in the consolidated financial statements in accordance with the requirements of Canadian public sector accounting standards.
27. We have identified all known or potential contaminated sites and the costs associated with the remediation of these sites have been appropriately accounted for and disclosed in the financial statements in accordance with Canadian public sector accounting standards.

Information provided

1. We have responded fully to all inquiries made to us and have made available to you:
 - A complete record of all financial records that are relevant to the preparation and presentation of the consolidated financial statements, and related data and minutes of the meetings of Council held throughout the year to the present date as well as summaries of recent meetings for which minutes have not yet been prepared;
 - Additional information that you have requested from us for the purpose of your audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
 3. We have assessed the risk that the consolidated financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.
 4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the consolidated financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the consolidated financial statements.
 5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
 6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
 7. We have disclosed to you the identities of all related parties to the Municipality and all related party relationships and transactions of which we are aware.
 8. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
 9. The previous year's representation letter dated September 29, 2021 is still applicable to the prior year's consolidated financial statements, and no matters have arisen that require restatement of those consolidated financial statements.
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10. There are no discussions with your firm's personnel regarding employment with the Municipality.

Professional Services

1. We acknowledge the engagement letter dated April 27, 2022, which states the terms of reference regarding your professional services.
2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the Municipality's audit.

Sincerely,

Cape Breton Regional Municipality

Signature

Title

DRAFT

Cape Breton Regional Municipality Water Utility
320 Esplanade
Sydney, NS B1P 7B9

September 28, 2022

MNP LLP
Commerce Tower 15 Dorchester St.
Suite 500 PO Box 1
Sydney, Nova Scotia B1P 6G9

To Whom It May Concern:

In connection with your audit of the financial statements of Cape Breton Regional Municipality Water Utility (the "Water Utility") as at March 31, 2022 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 27, 2022, for the preparation and fair presentation of the Water Utility's financial statements in accordance with Accounting and Reporting Handbook for Water Utilities in Nova Scotia. We believe these financial statements are complete and present fairly, in all material respects, the financial position of the Water Utility as at March 31, 2022 and the results of its operations and its cash flows, in accordance with Accounting and Reporting Handbook for Water Utilities in Nova Scotia.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the Water Utility's financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Accounting and Reporting Handbook for Water Utilities in Nova Scotia, and are applied consistently throughout the financial statements.

4. All significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
5. The selection and application of the methods, assumptions and data used in making the accounting estimates are consistent and appropriate.
6. The assumptions relevant to accounting estimates and disclosures appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
7. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of Accounting and Reporting Handbook for Water Utilities in Nova Scotia.
8. No subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements.
9. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.
10. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these differences has been attached to this written representation.
11. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Accounting and Reporting Handbook for Water Utilities in Nova Scotia.
12. All events or transactions that have occurred subsequent to the statement of financial position and for which Accounting and Reporting Handbook for Water Utilities in Nova Scotia require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
13. We further acknowledge the following items related specifically to COVID-19:
 - We have assessed the impact of COVID-19 on the Water Utility's operations and have provided you all information relevant to the impact it has had and/or is anticipated to have on the Water Utility's operations.
 - We have made available to you all source documentation requested, whether in original or scanned/electronic format. Where information has been provided in scanned/electronic format, it has been accurately reproduced.
 - All events or transactions that have occurred subsequent to the statement of financial position and for which Accounting and Reporting Handbook for Water Utilities in Nova Scotia require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
14. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the financial statements in accordance with Accounting and Reporting Handbook for Water Utilities in Nova Scotia.

15. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of Accounting and Reporting Handbook for Water Utilities in Nova Scotia have been adjusted or disclosed as appropriate.
16. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
17. All assets, wherever located, to which the Water Utility had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, are appropriately reported in the financial statements.
18. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.
19. All cash accounts have been appropriately recorded in the financial statements and all terms and associated conditions have been disclosed to you in full. We have provided you with the most current banking agreements.
20. Accounts and contributions receivable are correctly described in the records and represent valid claims as at March 31, 2022. An appropriate allowance has been made for losses from uncollectible accounts and for costs or expenses that may be incurred with respect to sales made or services rendered.
21. Inventory is correctly recorded in the financial statements in accordance with the requirements of Accounting and Reporting Handbook for Water Utilities in Nova Scotia. All required provisions for slow-moving, obsolete, and unsaleable stock have been recorded. Inventory does not include any goods on consignment to others or goods invoiced to customers.
22. All charges to tangible capital assets represent capital expenditures. No expenditures of a capital nature were charged to operations of the Water Utility. Depreciation of property, plant and equipment has been recorded according to our best estimates of their useful lives. All events or circumstances giving rise to impairments are appropriately reflected in the financial statements.
23. Government transfers have been recognized when the transfer is authorized, and all eligibility criteria have been met.
24. All long-term debt has been appropriately recorded in the financial statements. All payments and accrued interest have been accounted for. The current portion of long-term debt is appropriately classified. All terms and conditions have been fully disclosed in the financial statements. We have provided you with the most current debt and financing agreements.
25. Revenue has been recognized only where sales have been made and items delivered, or services rendered, and the amounts have been collected or are collectible. Revenues do not include any amounts arising from consignment sales or from any other transaction from which the Water Utility is not entitled to the proceeds.

26. We have identified all financial instruments, including derivatives, and hedging relationships. These have been appropriately recorded and disclosed in the financial statements in accordance with the requirements of Accounting and Reporting Handbook for Water Utilities in Nova Scotia.

Information provided

1. We have responded fully to all inquiries made to us and have made available to you:
 - A complete record of all financial records that are relevant to the preparation and presentation of the financial statements, and related data and minutes of the meetings of Council held throughout the year to the present date as well as summaries of recent meetings for which minutes have not yet been prepared;
 - Additional information that you have requested from us for the purpose of your audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
3. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.
4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the financial statements.
5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
7. We have disclosed to you the identities of all related parties to the Water Utility and all related party relationships and transactions of which we are aware.
8. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
9. The previous year's representation letter dated September 29, 2021 is still applicable to the prior year's financial statements, and no matters have arisen that require restatement of those financial statements.
10. There are no discussions with your firm's personnel regarding employment with the Water Utility.

Professional Services

1. We acknowledge the engagement letter dated April 27, 2022, which states the terms of reference regarding your professional services.
2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the Water Utility's audit.

Sincerely,

Cape Breton Regional Municipality Water Utility

Signature

Title

DRAFT

Independence Communication

(See Attached)

September 28, 2022

Audit committee
Cape Breton Regional Municipality
320 Esplanade
Sydney, NS B1P 7B9

Dear Sirs/Mesdames:

We have been engaged to audit the consolidated financial statements of Cape Breton Regional Municipality (the "Municipality") as at March 31, 2022 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the Municipality and its related entities or persons in financial reporting oversight roles at the Municipality and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are not aware of any relationship between the Municipality and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from April 1, 2021 to September 28, 2022.

We hereby confirm that MNP is independent with respect to the Municipality within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Nova Scotia as of September 28, 2022.

The total fees charged to the Municipality for audit services for the year ended March 31, 2022 were \$49,650.

This report is intended solely for the use of Audit committee, management and others within the Municipality and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,