

TOWN OF MIDDLETON

FINANCIAL STATEMENTS

MARCH 31, 2023

TOWN OF MIDDLETON
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023

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TOWN OF MIDDLETON

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Town of Middleton are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("CPA"). A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by BDO, LLP., independent auditors appointed by the Town. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the Town's consolidated financial statements.



Mayor

October 3, 2023



Chief Administrative Officer

October 3, 2023



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Independent Auditor's Report

To the Mayor and Council of Town of Middleton

Opinion

We have audited the consolidated financial statements of Town of Middleton (the Town), which comprise the consolidated statement of financial position as at March 31, 2023, the consolidated statements of operations, changes in net assets 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 Town as at March 31, 2023, and its consolidated results of operations, its consolidated change in net assets 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 Financial Statements* section of our report. We are independent of the Town 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.

Emphasis of Matter - Prior Period Adjustment

We draw attention to Note 2 of the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

Other Matters

The financial statements for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 26, 2022.

We draw attention to the fact that the supplementary information included in pages 31-52 does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 Town'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 Town'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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Halifax, Nova Scotia
October 4, 2023

TOWN OF MIDDLETON

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2023

	2023	2023	2022
	Budget	Actual	Actual (restated - notes 2 and 3)
REVENUE			
Assessable property taxes	\$ 3,321,808	\$ 3,425,169	\$ 3,204,897
Grants in lieu of taxes	149,851	148,155	143,994
Services provided to other governments	92,430	108,627	92,651
Sales of services	149,047	40,819	41,952
Other revenue from own sources	77,014	174,852	61,820
Unconditional transfers from other governments	393,947	445,375	1,468,521
Conditional transfers from other governments	50,200	82,642	92,863
Gain on disposal of tangible capital assets	-	31,867	-
Water utility	813,679	678,174	626,377
	<u>5,047,976</u>	<u>5,135,680</u>	<u>5,733,075</u>
EXPENSES			
General government services	560,367	509,335	542,585
Protective services	1,245,238	972,018	902,880
Transportation services	971,377	808,856	1,036,720
Environmental health services	762,976	684,209	601,260
Social services	90,000	159,850	181,123
Environmental development services	178,412	169,339	132,042
Recreation and cultural services	446,565	402,390	410,989
Education services	411,866	390,168	393,468
Water utility	813,679	643,940	522,847
	<u>5,480,480</u>	<u>4,740,105</u>	<u>4,723,915</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (432,504)</u>	<u>395,575</u>	<u>1,009,160</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		<u>13,177,528</u>	<u>12,168,368</u>
ACCUMULATED SURPLUS AT END OF YEAR		<u>\$ 13,573,103</u>	<u>\$ 13,177,528</u>

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

TOWN OF MIDDLETON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AS AT MARCH 31, 2023

	2023	2022 (restated - notes 2 and 3)
FINANCIAL ASSETS		
Cash and cash equivalents (note 4)	\$ 4,301,735	\$ 3,411,056
Taxes receivable, net of valuation allowance (note 5)	104,757	98,928
Other receivables	319,884	428,732
	4,726,376	3,938,716
LIABILITIES		
Accounts payable and accrued liabilities	391,765	554,719
Accrued interest	16,716	17,077
Deferred revenue (note 6)	1,911,173	1,498,929
Long-term debt (note 8)	1,508,402	1,508,049
Asset retirement obligation (note 7)	99,778	97,155
Vested interest - Annapolis County	12,168	12,168
	3,940,002	3,688,097
NET FINANCIAL ASSETS (page 6)	786,374	250,619
NON-FINANCIAL ASSETS		
Work in progress	734,039	574,353
Tangible capital assets (note 9)	11,953,768	12,329,867
Prepaid expenses	98,922	22,689
	12,786,729	12,926,909
ACCUMULATED SURPLUS	\$ 13,573,103	\$ 13,177,528

Contingencies (note 17)
Subsequent events (note 21)

On behalf of the Town

 Mayor

 Chief Administrative Officer

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

TOWN OF MIDDLETON

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2023</u>	<u>2022</u>
	Budget	Actual	(restated - notes 2 and 3)
ANNUAL SURPLUS	\$ (432,504)	\$ 395,575	\$ 1,009,160
Acquisition of tangible capital assets and work in progress		(389,930)	(1,455,443)
Amortization of tangible capital assets	606,343	606,343	602,967
	173,839	611,988	156,684
Change in prepaid expenses	-	(76,233)	732
Increase in net financial assets	<u>\$ 173,839</u>	535,755	157,416
NET FINANCIAL ASSETS, BEGINNING OF YEAR		250,619	93,203
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 786,374</u>	\$ 250,619

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

TOWN OF MIDDLETON

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2023

	2023	2022
		(restated - notes 2 and 3)
OPERATING TRANSACTIONS		
Annual surplus	\$ 395,575	\$ 1,009,160
Net change in items not involving cash		
Amortization of tangible capital assets	606,343	602,967
Accretion of asset retirement obligation	2,623	2,554
Gain on disposal of capital assets	(31,867)	-
	<u>972,674</u>	<u>1,614,681</u>
Net change in working capital balances		
Decrease (increase) in accounts receivable - taxes	(5,829)	7,893
Decrease (increase) in accounts receivable - other	108,848	(118,139)
Increase (decrease) in accounts payable and accrued liabilities	(162,954)	273,713
Increase (decrease) in deferred revenue	412,244	(339,685)
Increase (decrease) in accrued interest	(361)	(1,351)
Decrease (increase) in prepaid expenses	(76,233)	732
	<u>1,248,389</u>	<u>1,437,844</u>
Cash provided by operating transactions		
	<u>1,248,389</u>	<u>1,437,844</u>
CAPITAL TRANSACTIONS		
Increase in work in progress	(159,686)	(238,311)
Purchase of tangible capital assets	(230,244)	(1,217,132)
Proceeds on disposal of tangible capital assets	31,867	-
	<u>31,867</u>	<u>-</u>
Cash applied to capital transactions		
	<u>(358,063)</u>	<u>(1,455,443)</u>
FINANCING TRANSACTIONS		
Increase (decrease) in bank indebtedness	-	(224,159)
Proceeds from issuance of long-term debt	219,564	297,266
Repayment of long-term debt	(219,211)	(229,284)
	<u>353</u>	<u>(156,177)</u>
Cash applied to financing transactions		
	<u>353</u>	<u>(156,177)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>890,679</u>	<u>(173,776)</u>
Cash and cash equivalents at beginning of year	<u>3,411,056</u>	<u>3,584,832</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,301,735</u>	<u>\$ 3,411,056</u>

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

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Middleton have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada.

Significant aspects of the accounting policies adopted by the Town are as follows:

a. Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue, expenses, and changes in accumulated surplus and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable to the Town for the administration of their financial affairs and resources and which are owned or controlled by the Town, namely:

- General operating and capital
- Water utility and capital
- Reserve funds

b. Basis of accounting

Revenues are recorded using the accrual basis of accounting as they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired, and liability is incurred, or transfer is due.

Property tax revenue is based on assessments determined in accordance with Nova Scotia legislation. Tax rates are set annually. Taxation revenue is subject to appeal. Penalties and overdue taxes are recorded in the period levied.

Interest earned on investments in depreciation, or any other fund is recorded as revenue within the respective funds.

c. Fund balances

Funds within the consolidated financial statements consist of operating, capital, and reserve funds. Council approves certain amounts of the accumulated surplus to be set aside in reserves and reserve funds for future operating and capital purposes. Transfers between funds are recorded as adjustments to the appropriate fund balances within accumulated surplus.

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Tangible capital assets

Beginning April 1, 2009, tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Town General Capital	
Land Improvements	25
Buildings	40
Roads & Streets	25
Sidewalks	25
Lights	25
Sewer	50
Lagoons	50
Lift Stations	25
Machinery & Equipment	4/5
Vehicles	5/10
Water Utility	
Structures, Improvements & Wells	25/75
Equipment	5/10
Transmission	75
Distribution	75
Meters	25
Hydrants	75
Services	50

i. Work in progress

Work in progress ("WIP") is recorded at cost and occurs with instances where a capital project is not complete as at year end. Costs include any costs applicable to tangible capital assets. The capital cost reported as WIP as at year end becomes capitalized to tangible capital asset cost when the project is subsequently complete. Assets under construction are not amortized until the asset is available for productive use.

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer all the benefits and risks incidental to property ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are expensed as incurred.

iv. Inventory

Inventory held for consumption is recorded at the lower of cost and replacement cost.

e. Depreciation - water utility

In accordance with the Nova Scotia Utility and Review Board regulations, the depreciation charges in the Water Operating Fund are transferred to a special bank account in the Water Capital Fund which is used to help fund replacement of existing plant and equipment or, subject to approval by the Utility and Review Board, to repay the principal of capital debt.

f. Revenue Recognition

Revenues are recognized in the period in which the transactions or events that gave rise to the revenues occur. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty.

Property tax billings are prepared by the Town based on assessment rolls issued by the Property Valuation Services Corporation. Tax rates are established annually by Council during the budget approval process. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments resulting from the appeal process are recognized when the results of the appeal process are known. Penalties on overdue taxes are recorded in the period levied.

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

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned, or services performed.

Investment income earned on surplus current funds, capital, and reserve funds are recorded as revenue in the period earned.

g. Financial instruments

The Town's financial instruments include cash and cash equivalents, temporary investments, receivables, payables and accruals, and long-term debt. Cash is measured at fair value. Accounts receivable, accounts payable and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

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

h. Valuation allowance - uncollected taxes and rates

The Town provides a valuation allowance for estimated losses that will be incurred in collecting outstanding receivables.

i. Use of estimates

The preparation of financial statements in conformity with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates include providing for doubtful accounts and asset retirement obligations among others. Actual results could differ from these estimates.

j. Budget

The budget figures contained in these financial statements were approved by Council on March 21, 2022, in its original fiscal plan. The budget figures contained in these financial statements have been adjusted to include amortization, transfers, and principal debt repayments, in accordance with Public Sector accounting requirements Note 18 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Asset retirement obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

2. PRIOR PERIOD ERROR

The water reservoir was constructed in the early 1980's with an expected useful life of 75 years. However, the reservoir has been operating at 25% capacity for several years due to structural issues, and a report by the Town's engineers in 2019 confirmed that the reservoir could not be repaired. As a result, the Town has determined that an adjustment to the accumulated depreciation to reflect the reduction in expected useful life of the reservoir should have been recorded in the financial statements for the year ended March 31, 2019. The amount of the adjustment has been estimated at \$110,708, which would have had the effect of reducing the reservoir net book value to 25% of historic cost at that time. Further reductions in the estimated useful life of the reservoir may be required in the future as the structural condition is re-evaluated.

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

2. PRIOR PERIOD ERROR (continued)

The effect on the current and prior period financial statements is as follows:

	2022	
	As previously reported	As restated before note 3 impact
Consolidated Statement of Financial Position		
Tangible capital assets	\$ 12,433,214	\$ 12,322,506
Accumulated surplus	13,378,030	13,267,322
Consolidated Statement of Operations		
Accumulated surplus beginning of year	12,365,856	12,255,148
Accumulated surplus end of year	13,378,030	13,267,322

3. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2022, the Town adopted new Public Sector Accounting Handbook Standard 3280 'Asset Retirement Obligations'. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standard requires the recognition, measurement, presentation, and disclosure of legal obligations associated with the retirement of tangible capital assets. This change in accounting policy has been applied retroactively with restatement of prior periods using the modified retroactive method. The impact of adoption of this standard was as follows:

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

3. CHANGE IN ACCOUNTING POLICY (continued)

	As previously reported with note 2 impact	Adjustment	As restated
Statement of financial position			
Asset retirement obligation	\$ -	\$ 97,155	\$ 97,155
Net financial assets	347,774	(97,155)	250,619
Tangible capital assets	12,322,506	7,361	12,329,867
Accumulated surplus	13,267,322	(89,794)	13,177,528
Statement of changes in net financial assets			
Amortization expense	602,507	460	602,967
Accretion expense	-	2,554	2,554
Statement of operations			
Annual surplus (deficit)	1,012,174	(3,014)	1,009,160
Accumulated surplus at beginning of year	12,255,148	(86,780)	12,168,368
Accumulated surplus at end of year	13,267,322	(89,794)	13,177,528

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are made up of cash on hand and balances with the bank.

5. ACCOUNTS RECEIVABLE – TAXES

	2023	2022
Balance, beginning of year	\$ 98,928	\$ 105,310
Current year's tax levy	3,425,169	3,204,896
Penalties and interest on taxes	27,287	34,611
	3,551,384	3,344,817
Less:		
Collections	3,424,907	3,229,729
Write-offs, rebates and allowances	21,720	16,160
Balance, end of year	104,757	98,928
Valuation allowance	-	-
Balance, net of valuation allowance end of year	\$ 104,757	\$ 98,928

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

6. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Property taxes paid in advance	\$ 62,860	\$ 66,361
Planning deposits	2,500	1,500
Canada Community-Building Fund (CCBF), (previously Gas tax)	188,981	128,679
Provincial grants	322,915	16,000
Deferred funding and contributions - Community Centre	1,333,917	1,286,389
	<u>\$1,911,173</u>	<u>\$1,498,929</u>

7. ASSET RETIREMENT OBLIGATIONS

The Town owns and operates a building which may contain asbestos or other hazardous materials, which represent a health hazard upon demolition or renovation of the building, and there is a legal obligation to remove it in accordance with environmental regulations. Following the adoption of PS 3280 *Asset Retirement Obligations*, the Town recognized an obligation related to the removal and post-removal care of the materials in the building as estimated at April 1, 2022. The building is fully amortized, but still in productive use. Once an approved project plan is in place, the timing and amount of future cash flows can then be reasonably estimated and the corresponding liability for the asset updated to reflect the anticipated costs for removal and post removal care of hazardous materials. Estimated costs have been discounted to the present value using a discount rate of 2.7% per annum.

The transition and recognition of asset retirement obligations involved an accompanying increase to the tangible capital assets and the restatement of prior year balances (see note 3).

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

	<u>2023</u>	<u>2022</u> (restated - note 3)
Asset retirement obligations, beginning of year	\$ 97,155	\$ -
Adjustment on adoption of the asset retirement obligations standard (note 3)	-	94,601
Opening balance, as restated	97,155	94,601
Accretion expense	2,623	2,554
Asset retirement obligations, end of year	<u>\$ 99,778</u>	<u>\$ 97,155</u>

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

8. LONG-TERM DEBT

2023	YEAR OF ISSUE	YEAR OF MATURITY	RATE %	TYPE	BALANCE MAR 31/22	ISSUED	REDEEMED	BALANCE MAR 31/23	INTEREST
GENERAL SECTION									
SEWERS	2008	2023	3.750-5.088	SERIAL	\$ 32,550		\$ 4,650	\$ 27,900	\$ 1,482
FIRE TRUCK	2012	2022	1.636-3.480	SERIAL	41,300		41,300	-	179
LOADER	2012	2022	1.510-3.160	SERIAL	19,500		19,500	-	375
TRAFFIC LIGHTS	2013	2023	1.330-3.489	SERIAL	28,000		14,000	14,000	466
SEWERS	2013	2028	1.330-3.489	SERIAL	960,000		80,000	880,000	29,762
BACKHOE	2015	2025	1.011-2.786	SERIAL	45,571		11,394	34,177	951
TRACKLESS	2016	2026	1.150-2.925	SERIAL	46,500		9,300	37,200	1,032
TRACTORS	2020	2025	0.678-1.241	SERIAL	37,362		9,340	28,022	331
SEWERS	2021	2031	0.400-2.376	SERIAL	297,266		29,727	267,539	4,206
3 TON TRUCK & DUMP TRUCK	2022	2027	2.575 - 3.290	SERIAL		131,542		131,542	3,456
2 HALF-TON TRUCKS	2022	2027	3.847 - 4.177	SERIAL		88,022		88,022	1,523
					1,508,049	219,564	219,211	1,508,402	43,764
WATER UTILITY									
					-			-	
					1,508,049	219,564	219,211	1,508,402	43,764
INTERFUND									
FIRE COMPRESSOR	2018	2023	2.44%	ELM SCHL PROC	8,690		8,690	-	168
LIGHTS -COMMERCIAL ST.	2018	2023	2.44%	IND PARK SRF	22,400		11,200	11,200	311
CROSSWALK LIGHT-COMMERCIAL ST.	2019	2024	2.88%	ELM SCHL PROC	15,525		7,760	7,765	366
2019 JOHN DEERE	2020	2025	2.38%	EQUIP RESERVE	14,224		4,745	9,479	317
FIRE WASHING MACHINE	2020	2023	2.30%	IND PARK SRF	4,967		4,967	-	95
SIDEWALK - CHURCH ST.	2020	2025	2.38%	OPTG RSV	10,838		3,610	7,228	241
T.H. FIRE ESCAPE	2020	2025	2.38%	IND PARK SRF	16,503		4,125	12,378	300
SWIMMING POOL ROOF	2021	2026	1.27%	ELM SCHL PROC	22,258		5,560	16,698	256
SIDEWALK - MAIN ST	2021	2026	1.27%	ELM SCHL PROC	25,326		6,331	18,995	314
CHURCH ST SIDEWALK	2021	2026	5.00%	IND PARK SRF	-	44,068	8,814	35,254	2,208
GATES & COMMERCIAL SIDEWALKS	2022	2027	5.00%	IND PARK SRF	-	18,586		18,586	3
					140,731	62,654	65,802	137,583	4,579
					\$ 1,648,780	\$ 282,218	\$ 285,013	\$ 1,645,985	\$ 48,342

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

8. LONG-TERM DEBT (continued)

2022	YEAR OF ISSUE	YEAR OF MATURITY	RATE%	TYPE	BALANCE MAR 31/21	ISSUED	REDEEMED	BALANCE MAR 31/22	INTEREST
GENERAL SECTION									
SEWERS	2008	2023	3.750-5.088	SERIAL	\$ 37,200		\$ 4,650	\$ 32,550	\$ 1,722
SEWERS	2011	2021	1.219-3.645	SERIAL	24,500		24,500	-	895
STREETS/SIDEWALKS	2011	2021	1.219-3.645	SERIAL	11,000		11,000	-	402
FIRE TRUCK	2012	2022	1.636-3.480	SERIAL	82,600		41,300	41,300	1,617
LOADER	2012	2022	1.510-3.160	SERIAL	39,000		19,500	19,500	975
TRAFFIC LIGHTS	2013	2023	1.330-3.489	SERIAL	42,000		14,000	28,000	860
SEWERS	2013	2028	1.330-3.489	SERIAL	1,040,000		80,000	960,000	32,077
BACKHOE	2015	2025	1.011-2.786	SERIAL	56,965		11,394	45,571	1,216
TRACKLESS	2016	2026	1.150-2.925	SERIAL	55,800		9,300	46,500	1,239
TRACTORS	2020	2025	0.678-1.241	SERIAL	46,702		9,340	37,362	409
SEWERS	2021	2031	0.400-2.376	SERIAL	-	297,266		297,266	1,463
					1,435,767	297,266	224,984	1,508,049	42,875
WATER UTILITY									
MAINS	2011	2021	1.219-3.645	SERIAL	4,300		4,300	-	96
					1,440,067	297,266	229,284	1,508,049	42,971
INTERFUND									
PW 2017 3/4 TON FORD	2017	2022	1.68%	ELM SCHL PROC	7,110		7,110	-	107
FIRE AIR PACKS	2017	2022	1.68%	IND PARK SRF	2,833		2,833	-	43
FIRE COMPRESSOR	2018	2023	2.44%	ELM SCHL PROC	17,375		8,685	8,690	381
LIGHTS -COMMERCIAL ST.	2018	2023	2.44%	IND PARK SRF	33,600		11,200	22,400	587
CROSSWALK LIGHT - COMMERCIAL ST.	2019	2024	2.88%	ELM SCHL PROC	23,285		7,760	15,525	591
2019 JOHN DEERE	2020	2025	2.38%	EQUIP RESERVE	18,969		4,745	14,224	430
FIRE WASHING MACHINE	2020	2023	2.30%	IND PARK SRF	9,927		4,960	4,967	213
SIDEWALK - CHURCH ST.	2020	2025	2.38%	OPTG RSV	14,448		3,610	10,838	328
T.H. FIRE ESCAPE	2020	2025	2.38%	IND PARK SRF	20,628		4,125	16,503	399
SWIMMING POOL ROOF	2021	2026	1.27%	ELM SCHL PROC	27,818		5,560	22,258	328
SIDEWALK - MAIN ST	2021	2026	1.27%	ELM SCHL PROC	31,656		6,330	25,326	403
					207,649	-	66,918	140,731	3,810
					\$ 1,647,716	\$ 297,266	\$ 296,202	\$ 1,648,780	\$ 46,781

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

8. LONG-TERM DEBT (continued)

Principal payments required during the next five years and thereafter are as follows:

	Debtures	Interfund Debt	Total General Capital	Total Water Capital	Total
2024	\$ 225,573	\$ 55,867	\$ 281,440	\$ -	\$ 281,440
2025	183,673	36,899	220,572	-	220,572
2026	183,670	28,569	212,239	-	212,239
2027	162,939	12,529	175,468	-	175,468
2028	153,643	3,719	157,362	-	157,362
Thereafter	598,904		598,904	-	598,904
	<u>\$ 1,508,402</u>	<u>\$ 137,583</u>	<u>\$ 1,645,985</u>	<u>\$ -</u>	<u>\$ 1,645,985</u>

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

9. TANGIBLE CAPITAL ASSETS

				Accumulated					Net Book Value	
	Cost 2022 (restated note 3)	Additions & transfers	Disposals	Cost 2023	2022 (restated note 2 & 3)	Adjustment	Amortization Expense	Accumulated Amortization 2023		
Town Capital										
Land	\$ 467,952	\$ -	\$ -	\$ 467,952	\$ -	\$ -	\$ -	\$ -	\$ 467,952	
Land Improvements	777,481	-	-	777,481	425,816	-	24,476	450,292	327,189	
Buildings	1,536,460	13,097	-	1,549,557	856,797	-	35,043	891,840	657,717	
Streets	2,698,375	-	-	2,698,375	1,836,423	-	47,835	1,884,258	814,117	
Sewer Mains	5,241,470	-	-	5,241,470	2,037,096	-	102,308	2,139,404	3,102,066	
Sidewalks	673,098	21,247	-	694,345	371,902	-	19,606	391,508	302,837	
Sewer Plant	3,907,561	-	-	3,907,561	1,809,459	-	140,757	1,950,216	1,957,345	
Lagoons	1,588,754	-	-	1,588,754	316,784	-	31,776	348,560	1,240,194	
Lights	725,591	-	-	725,591	280,159	-	34,236	314,395	411,196	
Equipment	631,286	44,532	(17,050)	658,768	615,504	(17,050)	8,583	607,037	51,731	
Vehicles	1,828,203	94,852	(97,765)	1,825,290	1,646,165	(97,765)	78,624	1,627,024	198,266	
	<u>20,076,231</u>	<u>173,728</u>	<u>(114,815)</u>	<u>20,135,144</u>	<u>10,196,105</u>	<u>(114,815)</u>	<u>523,244</u>	<u>10,604,534</u>	<u>9,530,610</u>	
Water Utility										
Working Capital	4,025	-	-	4,025	-	-	-	-	4,025	
Land & Land Rights	396,505	(71,405)	-	325,100	20,256	(20,256)	-	-	325,100	
Structures & Improvements	763,936	-	-	743,084	384,568	-	11,652	396,220	346,864	
Equipment	634,769	53,814	-	688,583	351,559	-	19,064	370,623	317,960	
Transmission Mains	319,141	-	-	319,141	167,590	-	4,149	171,739	147,402	
Distribution Mains	1,522,048	-	-	1,522,048	494,515	-	19,500	514,015	1,008,033	
Services	173,419	-	-	173,419	88,518	-	3,469	91,987	81,432	
Meters	110,058	4,011	-	114,069	97,318	-	990	98,308	15,761	
Hydrants	161,086	13,974	-	175,060	43,331	-	2,156	45,487	129,573	
Tools & Work Equipment	62,134	-	-	62,134	62,134	-	-	62,134	-	
Microcomputer	79,409	4,673	-	84,082	66,999	-	13,345	80,344	3,738	
Other:										
- Water rate study	21,020	-	-	21,020	21,020	-	-	21,020	-	
- Water source protection plan	-	61,825	-	61,825	-	17,323	1,234	18,557	43,268	
- Water system assessment		10,469	-	10,469		2,933	7,536	10,469	-	
	<u>4,247,550</u>	<u>77,361</u>	<u>-</u>	<u>4,304,059</u>	<u>1,797,808</u>	<u>-</u>	<u>83,095</u>	<u>1,880,903</u>	<u>2,423,156</u>	
	<u>\$ 24,323,781</u>	<u>\$ 251,089</u>	<u>\$ (114,815)</u>	<u>\$ 24,439,203</u>	<u>\$ 11,993,913</u>	<u>\$ (114,815)</u>	<u>\$ 606,339</u>	<u>\$ 12,485,437</u>	<u>\$ 11,953,766</u>	

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

9. TANGIBLE CAPITAL ASSETS (continued)

	Cost 2021 (restated note 3)			Cost 2022	Accumulated Amortization		Adjust- ment	Amortization Expense	Accumulated Amortization 2022	Net book value
	Additions	Disposals	2021 (restated notes 2 & 3)							
Town Capital										
Land	\$ 467,952	\$ -	\$ -	\$ 467,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 467,952
Land Improvements	777,481	-	-	777,481	401,339	-	24,477	425,816	351,665	
Buildings	1,536,460	-	-	1,536,460	822,081	-	34,716	856,797	679,662	
Streets	2,157,805	540,570	-	2,698,375	1,784,328	-	52,095	1,836,423	861,952	
Sewer Mains	5,036,106	205,364	-	5,241,470	1,934,277	-	102,819	2,037,096	3,204,374	
Sidewalks	608,808	64,290	-	673,098	353,146	-	18,756	371,902	301,196	
Sewer Plant	3,907,561	-	-	3,907,561	1,664,332	-	145,127	1,809,459	2,098,102	
Lagoons	1,588,754	-	-	1,588,754	285,009	-	31,775	316,784	1,271,970	
Lights	725,591	-	-	725,591	245,923	-	34,236	280,159	445,432	
Equipment	625,429	5,857	-	631,286	577,000	-	38,504	615,504	15,782	
Vehicles	1,696,661	131,542	-	1,828,203	1,586,510	-	59,655	1,646,165	182,038	
	<u>19,128,608</u>	<u>947,623</u>	<u>-</u>	<u>20,076,231</u>	<u>9,653,945</u>	<u>-</u>	<u>542,160</u>	<u>10,196,105</u>	<u>9,880,125</u>	
Water Utility										
Working Capital	4,025	-	-	4,025	-	-	-	-	4,025	
Land & Land Rights	256,505	140,000	-	396,505	18,810	-	1,446	20,256	376,249	
Structures & Improvements	763,936	-	-	763,936	372,916	-	11,652	384,568	379,368	
Equipment	634,769	-	-	634,769	339,087	-	12,472	351,559	283,210	
Transmission Mains	319,141	-	-	319,141	163,441	-	4,149	167,590	151,551	
Distribution Mains	1,407,218	114,830	-	1,522,048	474,996	-	19,519	494,515	1,027,533	
Services	173,419	-	-	173,419	85,050	-	3,468	88,518	84,901	
Meters	110,058	-	-	110,058	96,530	-	788	97,318	12,740	
Hydrants	153,415	7,671	-	161,086	41,357	-	1,974	43,331	117,755	
Tools & Work Equipment	62,134	-	-	62,134	62,134	-	-	62,134	-	
Microcomputer	72,399	7,010	-	79,409	61,660	-	5,339	66,999	12,410	
Other - Water rate study	21,020	-	-	21,020	21,020	-	-	21,020	-	
	<u>3,978,039</u>	<u>269,511</u>	<u>-</u>	<u>4,247,550</u>	<u>1,737,001</u>	<u>-</u>	<u>60,807</u>	<u>1,797,808</u>	<u>2,449,742</u>	
	<u>\$ 23,106,647</u>	<u>\$ 1,217,134</u>	<u>\$ -</u>	<u>\$ 24,323,781</u>	<u>\$ 11,390,946</u>	<u>\$ -</u>	<u>\$ 602,967</u>	<u>\$ 11,993,913</u>	<u>\$ 12,329,867</u>	

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

10. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserve funds as follows:

Fund balances	2023	2022
General operating fund	\$ 264,674	\$ 264,674
General capital fund	(3,471,240)	(3,805,624)
Water operating fund	540,578	653,097
Water capital fund	91,422	89,743
Tourist Bureau	-	3,035
	(2,574,566)	(2,795,075)
Reserve funds		
Operating	551,455	543,982
Capital		
Equipment reserve	65,060	38,941
Debenture	4,782	4,662
Land sale surplus	189,946	197,436
Recreation	1,407	1,387
Sewer operating reserve	557,217	494,434
Land sale - elementary school	127,722	125,424
Other Capital	144,968	108,247
Water - depreciation reserve	196,396	145,806
Water - special reserve fund	351,418	6,874
	2,190,371	1,667,193
Investment in capital assets		
General capital fund	11,319,439	11,632,999
Water capital fund	2,637,859	2,672,411
	13,957,298	14,305,410
Total Municipal Position	\$ 13,573,103	\$ 13,177,528

11. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, receivables, payables and accruals, deferred revenue, long-term debt, and other liabilities.

It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these consolidated financial statements.

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

11. FINANCIAL INSTRUMENTS (continued)

The Town is subject to credit risk with respect to its various receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The substantial number and diversity of taxpayers and customers minimizes the credit risk. Also, the *Municipal Government Act 1998 c.18,s.1*. section 134 provides that properties may be sold to recover tax arrears.

At year-end, the amounts outstanding for the Town's accounts receivable are as follows:

	2023			2022		
	Taxes receivable	Less impairment allowance	Total	Taxes receivable	Less impairment allowance	Total
Current	\$ 10,770	\$ -	\$ 10,770	\$ 11,059	\$ -	\$ 11,059
31 to 60 days	-	-	-	-	-	-
61 to 90 days	-	-	-	-	-	-
Over 90 days	93,987	-	93,987	87,869	-	87,869
Total	104,757	-	104,757	98,928	-	98,928

	Less			Less		
	Other receivables	impairment allowance	Total	Other receivables	impairment allowance	Total
Current	\$ 311,034	\$ -	\$ 311,034	\$ 419,406	\$ -	\$ 419,406
31 to 60 days	224	-	224	14	-	14
61 to 90 days	6,483	-	6,483	8,273	-	8,273
Over 90 days	2,145	-	2,145	1,039	-	1,039
Total	\$ 319,886	\$ -	\$ 319,886	\$ 428,732	\$ -	\$ 428,732

Liquidity risk is the risk that the Town will encounter problems in raising funds to meet its commitments at maturity. The Town is exposed to liquidity risk through its payables and accruals, other liabilities, and long-term debt. Management believes the Town has ample working capital to meet its short-term obligations and therefore the exposure to liquidity risk is low.

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

11. FINANCIAL INSTRUMENTS (continued)

The following table sets out the maturities of financial liabilities:

	2023			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable	\$ 391,765	\$ -	\$ -	\$ -
Accrued interest	\$ 16,716			
Long-term debt	207,969	17,604	683,925	598,904
	\$ 616,450	\$ 17,604	\$ 683,925	\$ 598,904

	2022			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable	\$ 554,719	\$ -	\$ -	\$ -
Accrued interest	\$ 17,077			
Long-term debt	199,711	19,500	580,207	708,631
	\$ 771,507	\$ 19,500	\$ 580,207	\$ 708,631

12. AMOUNTS CONTRIBUTED FOR PROVINCIALLY MANDATED SERVICES:

	Budget	2023	2022
Education services	\$ 411,866	\$ 390,168	\$ 393,468
Police services	738,101	660,860	628,777
Assessment services	22,745	22,745	23,216
Social housing	90,000	159,850	178,123
Correctional services	23,386	22,968	23,323
	\$ 1,286,098	\$ 1,256,591	\$ 1,246,907

a. Education services

The Town is required to make a mandatory contribution to fund the cost of educational services provided by the Annapolis Valley Regional Centre for Education. The contribution is set by provincial formula and is reflected as a separate item in the Consolidated Statement of Operations.

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

12. AMOUNTS CONTRIBUTED FOR PROVINCIALLY MANDATED SERVICES (continued)

b. Police services

The Town is required to provide police services, which it does through a contract with the Royal Canadian Mounted Police, (RCMP). The payment is set based on the agreement between the Province and the RCMP and is included in protective services.

c. Assessment services

The Town is required to pay a share of the cost of operating the Property Valuation Services Corporation (PVSC) based on the total municipal assessment cost times the average of the Town's share of the Uniform Assessment and the Town's share of assessment accounts. This expense is included in general government services.

d. Social housing

The Town is required to pay a share of the costs of the operations of the Western Region Housing Authority associated with social housing within the Town. This expense is included in public health services.

e. Correctional services

The Town is required to make a mandatory contribution to fund the cost of correctional services. The contribution is set by provincial formula and is included in protective services.

13. CONTRIBUTIONS TO BOARDS AND AUTHORITIES

In addition to any budgeted contributions, the Town shares in the deficits or surpluses of these Boards and Authorities, based on their sharing percentage. The Town's share of any deficit is required to be paid in the next fiscal year, while a surplus is to be included in the next year's estimates.

a. Annapolis Valley Regional Library – 1.68% interest

For the year ended March 31, 2023, the Town contributed \$12,300 (2022 - \$12,300) to the Regional Library Board as its share of the deficit.

b. Valley Region Solid Waste-Resource Management Authority – 2.49% interest

For the year ended March 31, 2023, the Town contributed \$162,250 (2022 - \$155,499) to the Authority as its share of the capital and operating expenditures.

c. Valley Regional Enterprise Network – 4.1% interest

For the year ended March 31, 2023, the Town contributed \$12,732 (2022 - \$12,732) to the Board as its share of the capital and operating expenditures.

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

14. PENSION PLAN

All full-time employees are members of a defined contribution pension plan. The Town's obligation is to contribute 6% of employees' gross salary to the pension plan. During the year, the Town's required contribution was \$47,747 (2022 - \$55,563) to the plan.

15. REMUNERATION AND EXPENSES

The total remuneration and expenses of Town Council and Chief Administrative Officers for the 12 months ended March 31, 2023:

	<u>Remuneration</u>	<u>Expenses</u>	<u>Total</u>
Mayor Sylvester Atkinson	\$ 15,523	\$ 385	\$ 15,908
Deputy Mayor G. Smith	11,157	193	11,350
Councillor J. Bartlett	8,732	-	8,732
Councillor M. Fairn	8,732	-	8,732
Councillor B. Knapp	8,732	-	8,732
Councillor C. Leblanc	4,463	-	4,463
Councillor C. MacMurtry	1,423	-	1,423
Councillor G. Marshall	8,732	-	8,732
Chief Administrative Officer - J. Boyd	29,337	-	29,337
Chief Administrative Officer - A. Crocker	68,622	753	69,375

16. RATE OF RETURN ON RATE BASE

For the year ended March 31, 2023, the Water Utility has an annual rate of return on the rate base of 8.707% (7.710% in 2022).

17. CONTINGENCIES

The Town guaranteed its share of several loans taken by Valley Region Solid Waste-Resource Management Authority (VWRMA), as follows:

Year	Debenture or Loan #	Balance Outstanding at 3/31/23	Town of Middleton Share	
			Amount	%
2017	37-A-1	\$ 665,163	\$ 13,303	2.00%
2018	38-A-1	187,397	4,779	2.55%
2021	41-A-1	426,788	10,670	2.50%
2022	42-A-1	805,271	20,132	2.50%
2021	Bridge Loan A	670,920	16,840	2.51%
2021	Bridge Loan B	950,750	23,769	2.50%
		<u>\$ 3,706,289</u>	<u>\$ 89,493</u>	

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

18. SEGMENTED INFORMATION

The Town is a diversified municipal government institution that provides a wide range of services to its citizens, including fire, police, public transit, roads, waste and recycling services, water supply and distribution, wastewater treatment, libraries, and recreation and cultural services. Segmented information has been prepared by major functional classification of activities provided, consistent with the Consolidated Statement of Operations and provincially legislated requirements. The major segments are as follows:

General government services: Activities that provide for the overall operation of the Town and that are common to, or affect, all the services provided by the Town. This includes the activities of the Mayor and Council, and the following administrative activities: human resources, legal services, finance and information, communications and technology, and the office of the Chief Administrative Officer.

Protective services: Activities that provide for the public safety of the inhabitants of the Town. This includes police and fire protection and other protective services such as by-law enforcement and protective inspections.

Transportation services: Activities related to public transportation including road transport. This includes public transportation services offered throughout the Town using buses. Other transportation activities include the planning, development and maintenance of roads, traffic operations, parking, snow and ice control and street lighting.

Environmental health services: Activities that provide environmentally regulated services. This includes the collection of garbage and other waste material and through the Middleton Water Commission, water supply and distribution and wastewater treatment.

Social services: Mandatory payment to the Western Region Housing Authority within Housing Nova Scotia to cover the deficits of the public housing authority within the region.

Environmental development services: Activities that support and control the Town's physical and economic development. This includes activities related to land use planning, zoning and development, activities related to the development of the industrial park, promotion of tourism and activities that enhance local economic development.

Recreation and cultural services: Activities related to the Town's recreation facilities, including the swimming pool, arena, parks, playgrounds, and sports fields. Activities that provide for cultural facilities such as the library and related programs.

Education services: Mandatory contributions to the Annapolis Valley Regional Centre for Education.

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

18. SEGMENTED INFORMATION (continued)

Water Utility: The Middleton Water Utility provides the delivery of drinking water through the supply, pumping, treatment, and distribution of water to its users.

Certain allocation methodologies are employed in the preparation of the segmented financial information. The General Operating Fund reports on municipal services that are funded primarily by property tax revenues. The Middleton Water Operating Fund reports on municipal services that are funded primarily by water rates.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

18. SEGMENTED INFORMATION (continued)

Consolidated Schedule of Segment Disclosure	General Government	Protective Services	Transportation Services	Environmental Health Services	Social Services	Environmental Development Services	Recreation & Cultural Services	Education services	Water Utility	2022	
										2023	(restated notes 2 & 3)
REVENUE											
Property taxes	2,728,033	251,036	-	446,100	-	-	-	-	-	\$ 3,425,169	\$ 3,204,897
Grants in lieu of taxes	124,232	23,923	-	-	-	-	-	-	-	148,155	143,994
Services provided to other local governments	16,057	79,251	-	-	-	3,319	10,000	-	-	108,627	92,651
Sale of services	(1,953)	-	1,953	-	-	-	40,819	-	-	40,819	41,952
Other revenue from own sources	168,400	2,394	-	-	-	4,011	47	-	-	174,852	61,820
Unconditional transfers from other governments	445,375	-	-	-	-	-	-	-	-	445,375	1,468,521
Conditional transfers from Federal or Provincial governments	3,580	1,000	-	-	-	-	78,062	-	-	82,642	92,863
Water Utility	-	-	-	-	-	-	-	-	678,174	678,174	626,377
Total Revenues	3,483,724	357,604	1,953	446,100	-	7,330	128,928	-	678,174	5,103,813	5,733,075
EXPENDITURES											
Salaries, wages & benefits	292,160	-	297,237	51,619	-	74,142	211,601	-	-	926,759	819,011
Operating costs	196,935	967,399	317,078	322,200	159,850	94,756	151,389	390,168	-	2,599,775	2,794,375
debt	-	178	8,136	35,451	-	-	-	-	-	43,765	42,971
Amortization	20,240	1,818	186,405	274,939	-	441	39,400	-	-	523,243	542,157
Accretion	-	2,623	-	-	-	-	-	-	-	2,623	2,554
Water Utility	-	-	-	-	-	-	-	-	643,940	643,940	522,847
Total Expenditures	509,335	972,018	808,856	684,209	159,850	169,339	402,390	390,168	643,940	4,740,105	4,723,915
Net gain on sale of TCA	-	-	31,867	-	-	-	-	-	-	31,867	-
SURPLUS (DEFICIT)	\$ 2,974,389	\$ (614,414)	\$ (775,036)	\$ (238,109)	\$ (159,850)	\$ (162,009)	\$ (273,462)	\$ (390,168)	\$ 34,234	\$ 395,575	\$ 1,009,160

TOWN OF MIDDLETON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

19. BUDGET FIGURES

The Town budgets for rate setting purposes. The budgets include principal debt repayments, and transfers between funds, and do not include amortization (except for the Water Utility). The following adjustments to the annual surplus reconcile the operating budgets to the financial reporting presentation required under Canadian Public Sector Accounting Standards, (PSAS).

	<u>2023</u>
Approved budget surplus (deficit) for the year	
General operations	\$ -
Water Utility operations	-
Approved budget surplus (deficit) for the year	<u>-</u>
Elimination of:	
Transfers to (from) other funds	(140,847)
Principal debt repayments	234,211
Amortization of tangible capital assets	(523,245)
Accretion of asset retirement obligation	<u>(2,623)</u>
Net PSAS Adjustments	<u>(432,504)</u>
PSAS adjusted budget deficit per consolidated financial statements	<u><u>\$ (432,504)</u></u>

20. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

21. SUBSEQUENT EVENTS

Subsequent to year-end, the Town sold a parcel of land it had recently acquired for the construction of a new water reservoir, in exchange for cash and a different parcel of land that had been evaluated by the Town' engineers as a more suitable location. The value of the purchased land plus cash was equal to the value of the land disposed of.

TOWN OF MIDDLETON

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GENERAL OPERATING FUND

AS AT MARCH 31, 2023
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
ASSETS		
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 75,031	\$ 47,651
Taxes receivable (net of valuation allowance)	104,757	98,928
Other receivables	44,386	5,471
Harmonized sales tax	56,669	210,535
Due from provincial government	19,089	15,655
Due from other local governments	18,930	5,798
Due from own funds	759,967	497,335
	<u>1,078,829</u>	<u>881,373</u>
LIABILITIES		
Accounts payable	150,829	322,728
Other liabilities (tax sale surplus)	16,992	16,992
Due to federal government	47,479	-
Due to provincial government agencies	159,850	178,123
Due to local governments	1,991	4,491
Due to own funds, capital reserves	127,297	5,100
Accrued interest	16,716	17,077
Deferred revenue	388,275	83,861
	<u>909,429</u>	<u>628,372</u>
NET FINANCIAL ASSETS	<u>169,400</u>	<u>253,001</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	95,274	11,673
SURPLUS	<u>\$ 264,674</u>	<u>\$ 264,674</u>

TOWN OF MIDDLETON

NON-CONSOLIDATED STATEMENT OF OPERATIONS GENERAL OPERATING FUND

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023		2022
	Budget (note 19)	Actual	Actual
REVENUE			
Assessable property taxes	\$ 2,909,942	\$ 3,073,838	\$ 2,850,085
Grants in lieu of taxes	149,851	148,155	143,994
Services provided to other governments	92,430	108,627	92,651
Sales of services	149,047	42,772	163,568
Other revenue from own sources	77,014	105,019	61,851
Unconditional transfers from other governments	393,947	352,978	698,564
Conditional transfers from other governments	50,200	82,642	90,823
	3,822,431	3,914,031	4,101,536
EXPENSES			
General government services	540,127	483,198	523,076
Protective services	1,240,797	1,206,804	1,113,824
Transportation services	784,971	623,049	810,858
Environmental health services	488,037	410,398	373,833
Social services	90,000	159,850	181,123
Environmental development services	177,971	168,898	131,601
Recreation and cultural services	407,164	377,362	383,418
	3,729,067	3,429,559	3,517,733
NET REVENUE	93,364	484,472	583,803
FINANCING AND TRANSFERS			
Transfers to own reserves, funds and agencies	(309,861)	(490,827)	(574,076)
Use of prior years' surplus	216,497	6,355	32,700
	(93,364)	(484,472)	(541,376)
CHANGE IN FUND BALANCE	\$ -	-	42,427
SURPLUS AT BEGINNING OF YEAR		264,674	222,247
SURPLUS AT END OF YEAR		\$ 264,674	\$ 264,674

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND REVENUES

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023	2022	
	Budget (note 19)	Actual	Actual
REVENUE			
ASSESSABLE PROPERTY TAXES			
ASSESSABLE PROPERTY			
Residential	\$ 1,805,247	\$ 1,803,205	\$ 1,685,804
Commercial property	640,501	644,791	636,444
Based on special tax agreements or legislation	77,676	77,682	77,769
	2,523,425	2,525,678	2,400,017
RESOURCE			
Taxable assessments	4,118	4,118	3,890
Forest property tax	25	24	24
Fire protection rate	238,855	251,036	199,236
	242,997	255,178	203,150
SPECIAL ASSESSMENTS (SEWER)	432,600	446,100	437,462
BUSINESS PROPERTY			
Based on revenues - Aliant	9,526	17,478	9,526
Nova Scotia Power Inc. - Grant in lieu of taxes	543	584	543
Nova Scotia Power Inc. - HST rebate	12,717	21,931	14,660
	22,786	39,993	24,729
OTHER TAXES			
Deed transfer tax	100,000	197,057	178,195
LESS: EDUCATION EXPENDITURE AS A REDUCTION OF TAX REVENUE			
APPROPRIATION TO REGIONAL SCHOOL BOARD	(411,866)	(390,168)	(393,468)
TOTAL TAXES	2,909,942	3,073,838	2,850,085
GRANTS IN LIEU OF TAXES			
Federal government	28,407	28,343	28,524
Provincial government			
Provincial property and property of supported institutions	97,093	95,889	91,547
Fire protection	24,351	23,923	23,923
TOTAL GRANTS IN LIEU OF TAXES	149,851	148,155	143,994

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND REVENUES (CONTINUED)

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023	2022	
	Budget (note 19)	Actual	Actual
SERVICES PROVIDED TO OTHER GOVERNMENTS			
Other local governments	92,430	108,627	92,651
TOTAL SERVICES PROVIDED TO OTHER GOVERNMENTS	92,430	108,627	92,651
SALES OF SERVICES			
General government services	32,480	-	40,835
Transportation services	94,567	1,953	106,399
Recreation and cultural services	22,000	40,819	16,334
TOTAL SALES OF SERVICES	149,047	42,772	163,568
OTHER REVENUE FROM OWN SOURCES			
Licenses and permits	4,550	4,016	3,074
Fines	1,000	2,389	1,610
Rentals	32,864	19,613	19,990
Return on investments	2,100	6,803	637
Penalties and interest on taxes	33,000	27,287	34,611
Miscellaneous	3,500	44,911	1,929
TOTAL OTHER REVENUE FROM OWN SOURCES	77,014	105,019	61,851
UNCONDITIONAL TRANSFERS FROM OTHER GOVERNMENTS			
Provincial government			
Service Nova Scotia and Municipal Relations			
Municipal Grants Act - Equalization	338,073	338,073	676,146
Municipal Government Act - Farm property acreage	838	905	863
Other government	55,036	14,000	21,555
TOTAL UNCONDITIONAL TRANSFERS FROM OTHER GOVERNMENTS	393,947	352,978	698,564
CONDITIONAL TRANSFERS FROM OTHER GOVERNMENTS			
Federal government	1,200	3,580	4,836
Provincial government	49,000	79,062	85,987
TOTAL CONDITIONAL TRANSFERS FROM OTHER GOVERNMENTS	50,200	82,642	90,823
TOTAL REVENUE	\$ 3,822,431	\$ 3,914,031	\$ 4,101,536

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND EXPENDITURES

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023		2022
	Budget (note 19)	Actual	Actual
EXPENDITURES			
GENERAL GOVERNMENT SERVICES			
LEGISLATIVE			
Mayor remuneration	\$ 10,704	\$ 10,624	\$ 11,351
Mayor expenses	2,287	1,226	308
Council remuneration	37,798	35,525	40,084
Council expenses	4,114	315	645
	54,903	47,690	52,388
GENERAL ADMINISTRATIVE			
Administrative	38,305	31,388	47,157
Financial management	297,958	285,114	312,798
Taxation			
Tax rebates	17,400	21,720	16,160
Transfer to Property Valuation Services Corporation	22,745	22,745	23,216
Other taxation	-	-	-
Common services	49,406	55,031	43,726
Other general administrative services	7,035	6,213	18,305
	432,848	422,211	461,362
DEBT CHARGES			
Debenture interest	44,339	-	-
Term loan interest	3,337	-	2,379
Other debt charges	4,700	6,113	6,940
	52,375	6,113	9,319
OTHER GENERAL GOVERNMENT SERVICES			
Elections and plebiscites	-	7,184	7
	540,127	483,198	523,076
PROTECTIVE SERVICES			
Police protection	777,192	738,101	660,860
Law enforcement - transfer to Correctional Services	23,386	22,968	23,323
Other	47,866	47,040	46,199
	848,445	808,109	730,382
Fire protection			
Water supply and hydrants	238,855	254,655	238,855
Other	144,360	137,392	135,905
	383,215	392,047	374,760
Emergency measures	7,637	6,069	6,491
Debt charges			
Debenture interest	-	179	1,369
Term loan interest	-	-	(68)
	-	179	1,301
Other protective services	1,500	400	890
	1,240,797	1,206,804	1,113,824

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND EXPENDITURES (CONTINUED)

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023		2022
	Budget (note 19)	Actual	Actual
TRANSPORTATION SERVICES			
Common services	342,486	223,578	377,579
Road transport			
Roads and streets	370,670	319,462	351,876
Street lighting	27,065	28,897	27,847
Traffic services	23,250	21,477	27,529
	763,471	593,414	784,831
Public transit	21,500	21,500	21,500
Debt charges			
Debenture interest	-	8,135	4,422
Term loan interest	-	-	105
	-	8,135	4,527
TOTAL TRANSPORTATION SERVICES	784,971	623,049	810,858
ENVIRONMENTAL HEALTH SERVICES			
Administration	11,400	12,233	10,352
Sewage collection systems	21,610	11,206	5,239
Sewage lift stations	42,524	29,809	35,494
Sewage treatment and disposal	232,812	151,080	175,993
	308,347	204,328	227,078
Garbage and waste collection	179,690	170,621	110,317
Debt charges			
Debenture interest	-	35,449	36,438
Term loan interest	-	-	-
	-	35,449	36,438
TOTAL ENVIRONMENTAL HEALTH SERVICES	488,037	410,398	373,833
SOCIAL SERVICES			
Other health	-	-	3,000
Housing - deficit of Regional Housing Authority	90,000	159,850	178,123
	90,000	159,850	181,123
TOTAL SOCIAL SERVICES	90,000	159,850	181,123

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND EXPENDITURES (CONTINUED)

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023		2022
	Budget (note 19)	Actual	Actual
ENVIRONMENTAL DEVELOPMENT SERVICES			
Environmental planning and zoning			
Administration	91,047	78,215	54,379
Other	-	-	-
Other community development	58,677	58,111	57,408
Industrial parks	12,732	12,732	12,732
	162,456	149,058	124,519
Other environmental development services - tourism	15,515	19,553	2,300
Other environmental development services	-	287	4,782
	15,515	19,840	7,082
TOTAL ENVIRONMENTAL DEVELOPMENT SERVICES	177,971	168,898	131,601
RECREATION AND CULTURAL SERVICES			
Recreation facilities			
Administration	166,576	154,135	152,324
Swimming pools	12,994	12,689	12,777
Skating rinks and arenas	16,500	23,200	19,428
Parks, playgrounds and sports fields	149,906	135,398	165,429
	345,976	325,422	349,958
Cultural buildings and facilities			
Library - local branch	12,300	12,300	12,300
Library - other	14,188	15,546	14,908
Other - museum commission	-	4,500	4,500
	26,488	32,346	31,708
Debt charges			
Term loan interest	-	-	(110)
	-	-	(110)
Other recreation and cultural services	34,700	19,594	1,862
TOTAL RECREATION AND CULTURAL SERVICES	407,164	377,362	383,418
TOTAL EXPENDITURES	\$ 3,729,067	\$ 3,429,559	\$ 3,517,733

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF FINANCING AND TRANSFERS OF THE GENERAL OPERATING FUND

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023		2022
	Budget (note 19)	Actual	Actual
FINANCING AND TRANSFERS			
TRANSFERS TO (FROM) OWN RESERVES, FUNDS AND AGENCIES			
Transfer to - general capital fund, retire Debenture principal	\$ 234,211	\$ 219,211	\$ 224,984
Transfer to - general capital fund, retire SRF debt	75,650	65,802	66,919
Transfer to - general capital fund, capital purchases	-	166,234	6,116
Transfer to - reserve fund interest	-	4,580	3,810
Transfer to - reserve funds	-	50,000	272,247
Transfer from - reserve funds	-	(15,000)	-
	309,861	490,827	574,076
CHANGE IN EQUITY			
Use of prior years' surplus	(216,497)	(6,355)	(32,700)
TOTAL FINANCING AND TRANSFERS	\$ 93,364	\$ 484,472	\$ 541,376

TOWN OF MIDDLETON

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GENERAL CAPITAL FUND

**AS AT MARCH 31, 2023
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>
ASSETS		
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 34	\$ 33
Due from reserve funds	13,652	44,068
	<u>13,686</u>	<u>44,101</u>
LIABILITIES		
Due to general operating fund	256,297	497,335
Loans from reserve funds	137,581	184,796
Long-term debt (Note 7)	1,508,402	1,508,049
Asset retirement obligation (Note >>)	99,778	97,155
Vested interest - Annapolis County	12,168	12,168
	<u>2,014,226</u>	<u>2,299,503</u>
NET DEBT	<u>(2,000,540)</u>	<u>(2,255,402)</u>
NON-FINANCIAL ASSETS		
Work in progress	315,501	196,240
Capital assets, at cost (Note 6)	20,135,145	20,076,232
Accumulated allowance for amortization (Note 6)	(10,604,534)	(10,196,105)
	<u>9,846,112</u>	<u>10,076,367</u>
	<u>\$ 7,845,572</u>	<u>\$ 7,820,965</u>
SURPLUS (DEFICIT)	<u>\$ (3,473,867)</u>	<u>\$ (3,812,034)</u>
INVESTMENT IN CAPITAL ASSETS (Note 9)	<u>11,319,439</u>	<u>11,632,999</u>
TOTAL FUND BALANCE	<u>\$ 7,845,572</u>	<u>\$ 7,820,965</u>

TOWN OF MIDDLETON

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE GENERAL CAPITAL FUND

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023	2022
	Actual	Actual
REVENUE		
Interest income	\$ 1	\$ -
Gain on sale of assets	31,867	-
	31,868	-
EXPENDITURES		
Tangible capital purchases (includes work in progress)	210,041	987,094
Accretion of asset retirement obligation	2,623	2,554
	(180,796)	(989,648)
FINANCING AND TRANSFERS		
Proceeds on issuance of debt	219,564	297,266
Redeem long term debt	(219,211)	(224,984)
Transfers from (to) own reserves, funds and agencies		
Transfer from operating, capital expenditures	166,234	6,510
Transfer from sewer capital reserve	-	99,841
Transfer from operating, retire short-term debt	50,802	66,919
Transfer from operating, retire long-term debt	219,211	224,982
Transfer from gas tax reserve	92,397	636,238
Transfer to other reserves	(10,034)	-
Total net transfers	518,610	1,034,490
TOTAL FINANCING AND TRANSFERS	518,963	1,106,772
CHANGE IN FUND BALANCE	338,167	117,124
SURPLUS (DEFICIT) AT BEGINNING OF YEAR	(3,812,034)	(3,929,158)
SURPLUS (DEFICIT) AT END OF YEAR	\$ (3,473,867)	\$ (3,812,034)

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF INVESTMENT IN CAPITAL ASSETS OF THE GENERAL CAPITAL FUND

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023	2022
	Actual	Actual
BALANCE, BEGINNING OF YEAR	\$ 11,632,999	\$ 11,260,347
Add:		
Tangible capital purchases (includes work in progress)	210,041	987,094
Debentures redeemed	219,211	224,984
Proceeds from sale of assets	31,867	-
	461,119	1,212,078
Deduct:		
Gain on sale of assets	31,867	-
Proceeds on issuance of debt	219,564	297,266
Depreciation of capital assets	523,248	542,160
	774,679	839,426
	(313,560)	372,652
BALANCE, END OF YEAR	\$ 11,319,439	\$ 11,632,999

TOWN OF MIDDLETON

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE WATER UTILITY OPERATING FUND

AS AT MARCH 31, 2023
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
ASSETS		
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,021,875	\$ 477,477
Rates receivable (net of asset valuation of \$NIL (2022-\$NIL))	159,632	148,982
Prepaid expenses	3,648	11,016
Harmonized sales tax	21,178	42,278
Due from water capital fund	-	185,213
	<u>1,206,333</u>	<u>864,966</u>
LIABILITIES		
Accounts payable	14,624	31,550
Due to general operating fund	370,787	-
Due to water capital fund	280,344	180,319
	<u>665,755</u>	<u>211,869</u>
SURPLUS	<u>\$ 540,578</u>	<u>\$ 653,097</u>

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF FINANCIAL ACTIVITIES OF THE WATER UTILITY OPERATING FUND

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023		2022
	Budget (note 19)	Actual	Actual
OPERATING REVENUE			
Metered sales	\$ 548,524	\$ 614,794	\$ 614,151
Flat rate sales	900	953	909
Public fire protection	254,525	273,845	256,986
Sprinkler service	3,050	3,350	2,600
Other operational revenue	5,750	12,405	6,134
TOTAL OPERATING REVENUE	812,749	905,347	880,780
OPERATING EXPENDITURES			
Source of supply	14,939	4,820	5,422
Power and pumping	81,343	70,526	63,929
Water treatment	30,886	41,335	37,132
Transmission and distribution	182,700	184,347	196,334
Administration and general	289,360	256,870	275,884
Depreciation	65,000	83,095	60,807
Taxes	52,511	43,737	43,515
TOTAL OPERATING EXPENDITURES	716,739	684,730	683,023
NET OPERATING REVENUE	96,010	220,617	197,757
Non-operating revenue			
Other	930	26,748	1,721
Non-operating expenditures			
Debt charges			
Principal	-	-	4,300
Interest	-	-	96
Capital expenditures out of revenue	8,500	15,518	160,637
Transfer to Reservoir Reserve Fund	88,440	344,366	-
	96,940	359,884	165,033
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ -	(112,519)	34,445
SURPLUS AT BEGINNING OF YEAR		653,097	618,652
SURPLUS AT END OF YEAR		\$ 540,578	\$ 653,097

TOWN OF MIDDLETON

SCHEDULE TO NON-CONSOLIDATED STATEMENT OF OPERATIONS OF THE WATER UTILITY OPERATING FUND

**YEAR ENDED MARCH 31, 2023
(UNAUDITED)**

	2023		2022
	Budget (note 19)	Actual	Actual
SOURCE OF SUPPLY			
Supplies and expenses	\$ 14,585	\$ 4,643	\$ 5,291
Maintenance of plant	354	177	131
	14,939	4,820	5,422
POWER AND PUMPING			
Power	32,626	31,447	24,543
Maintenance	48,717	39,079	39,386
	81,343	70,526	63,929
WATER TREATMENT			
Labour	6,968	6,764	7,063
Supplies and expenses	22,481	34,327	29,537
Maintenance of structures and improvements	1,437	244	532
	30,886	41,335	37,132
TRANSMISSION AND DISTRIBUTION			
Maintenance of mains	91,679	111,603	112,361
Maintenance of other distribution plant	39,511	31,938	32,068
Transportation expenses	30,861	32,920	42,209
Shop expenses	20,649	7,886	9,696
	182,700	184,347	196,334
ADMINISTRATION AND GENERAL			
Supervision	175,426	160,374	178,273
Consumer billing and accounting	6,974	6,451	6,813
Uncollectible accounts	2,497	-	-
Employee benefits	8,000	10,846	8,948
General office expenses	79,040	60,771	64,127
Audit	5,603	8,442	5,210
Regulatory expense	1,948	1,640	1,590
Maintenance of general property	9,871	8,346	9,025
Miscellaneous general expenses	-	-	1,898
	\$ 289,360	\$ 256,870	\$ 275,884

TOWN OF MIDDLETON

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE WATER UTILITY CAPITAL FUND

AS AT MARCH 31, 2023
(UNAUDITED)

	2023	2022
ASSETS		
FINANCIAL ASSETS		
Cash - depreciation reserve	\$ 148,005	\$ 84,999
Cash - special reserve	7,052	6,874
Due from water operating fund	280,344	-
	<u>435,401</u>	<u>91,873</u>
LIABILITIES		
Due to water operating fund	-	4,894
	<u>-</u>	<u>4,894</u>
NET FINANCIAL ASSETS	<u>435,401</u>	<u>86,979</u>
NON-FINANCIAL ASSETS		
Work in progress	418,538	378,113
Capital assets (Note 9)	4,304,059	4,247,551
Accumulated allowance for amortization (Note 9)	(1,880,903)	(1,797,809)
	<u>2,841,694</u>	<u>2,827,855</u>
	<u>\$ 3,277,095</u>	<u>\$ 2,914,834</u>
SURPLUS	<u>\$ 91,423</u>	<u>\$ 89,743</u>
INVESTMENT IN CAPITAL ASSETS	2,637,858	2,672,411
DEPRECIATION RESERVE FUND	196,396	145,806
SPECIAL RESERVE FUND	351,418	6,874
	<u>3,185,672</u>	<u>2,825,091</u>
TOTAL FUND BALANCE	<u>\$ 3,277,095</u>	<u>\$ 2,914,834</u>

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF FINANCIAL ACTIVITIES OF THE WATER UTILITY CAPITAL FUND

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
EXPENDITURES		
Capital purchases	<u>\$ 96,933</u>	<u>\$ 468,352</u>
NET EXPENDITURES	<u>(96,933)</u>	<u>(468,352)</u>
FINANCING AND TRANSFERS		
Redeem long term debt	-	(4,300)
Transfers from own reserves, funds and agencies		
Transfer from operating, depreciation	83,095	60,807
Transfer from gas tax reserve, capital expenditures	-	122,501
Transfer from operating, retire long term debt	-	4,300
Transfer from operating, capital expenditures	<u>15,518</u>	<u>160,637</u>
TOTAL FINANCING AND TRANSFERS	<u>98,613</u>	<u>343,945</u>
CHANGE IN FUND BALANCE	<u>1,680</u>	<u>(124,407)</u>
SURPLUS (DEFICIT) AT BEGINNING OF YEAR	<u>89,743</u>	<u>214,150</u>
SURPLUS (DEFICIT) AT END OF YEAR	<u>\$ 91,423</u>	<u>\$ 89,743</u>

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF FINANCIAL ACTIVITIES OF THE WATER UTILITY INVESTMENT IN CAPITAL ASSETS

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
BALANCE, BEGINNING OF YEAR	\$ 2,672,411	\$ 2,281,845
Add:		
Tangible capital purchases (includes work in progress)	96,933	468,352
Debentures redeemed	-	4,300
	96,933	472,652
Deduct:		
Depreciation of capital assets	83,095	60,807
	13,838	411,845
Transfer from Depreciation Reserve for Capital Asset purchases	34,704	39,528
Transfer to Depreciation Reserve for current year depreciation	(83,095)	(60,807)
	(48,391)	(21,279)
Change in Investment in Capital Assets	(34,553)	390,566
BALANCE, END OF YEAR	\$ 2,637,858	\$ 2,672,411

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF FINANCIAL ACTIVITIES OF THE WATER UTILITY DEPRECIATION RESERVE FUND

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
BALANCE, BEGINNING OF YEAR	\$ 145,806	\$ 124,367
Add:		
Depreciation	83,095	60,807
Interest earned	2,199	160
	85,294	60,967
Deduct:		
Use of Depreciation Reserve for capital expenditures	34,704	39,528
	50,590	21,439
 BALANCE, END OF YEAR	 \$ 196,396	 \$ 145,806
 Composed of:		
Cash in bank	\$ 148,005	\$ 84,999
Due from Water Operating Fund	48,391	60,807
	\$ 196,396	\$ 145,806

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF FINANCIAL ACTIVITIES OF THE WATER UTILITY SPECIAL RESERVE FUND

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
BALANCE, BEGINNING OF YEAR	\$ 6,874	\$ 6,860
Add:		
Interest earned	178	14
Transfer for Reservoir Reserve	344,366	
	344,544	14
 BALANCE, END OF YEAR	 <u>\$ 351,418</u>	 <u>\$ 6,874</u>
 Composed of:		
Cash in bank	\$ 7,052	\$ 6,874
Due from water operating fund	344,366	
	<u>\$ 351,418</u>	<u>\$ 6,874</u>

TOWN OF MIDDLETON

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE RESERVE FUNDS

AS AT MARCH 31, 2023
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
ASSETS		
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 3,049,738	\$ 2,790,165
Loans to general capital fund	137,579	184,797
	<u>\$ 3,187,317</u>	<u>\$ 2,974,962</u>
LIABILITIES		
Due to general capital fund	\$ 14,964	\$ 44,068
Due to operating fund	6,897	1,312
	<u>21,861</u>	<u>45,380</u>
SURPLUS	<u>3,165,456</u>	<u>2,929,582</u>
	<u>\$ 3,187,317</u>	<u>\$ 2,974,962</u>

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF FINANCIAL ACTIVITIES OF THE RESERVE FUNDS

YEAR ENDED MARCH 31, 2023
(UNAUDITED)

	2023			2022
	General Operating	General Capital	Total	Total
REVENUE				
Federal government - gas tax		\$ 149,388	\$ 149,388	\$ 291,599
Interest - bank	13,607	59,490	73,097	6,360
Public donations	-	47,528	47,528	111,915
	13,607	256,406	270,013	409,874
EXPENDITURES				
Bank charges	-	-	-	20
NET REVENUE	13,607	256,406	270,013	409,854
FINANCING AND TRANSFERS				
Transfers from (to) own reserves, funds and agencies				
General operating	(6,355)	50,000	43,645	239,547
General capital	-	(82,363)	(82,363)	(736,078)
Water capital	-	-	-	(122,501)
General operating, interest	241	4,338	4,579	3,046
TOTAL FINANCING AND TRANSFERS	(6,114)	(28,025)	(34,139)	(615,986)
CHANGE IN FUND BALANCE	7,493	228,381	235,874	(206,132)
SURPLUS (DEFICIT) AT BEGINNING OF YEAR	543,689	2,385,893	2,929,582	3,135,714
SURPLUS (DEFICIT) AT END OF YEAR	\$ 551,182	\$ 2,614,274	\$ 3,165,456	\$ 2,929,582

TOWN OF MIDDLETON
NON-CONSOLIDATED DETAIL SCHEDULE OF FINANCIAL ACTIVITIES
AND BALANCES OF THE RESERVE FUNDS
YEAR ENDED MARCH 31, 2023
(UNAUDITED)

2022-23	Equipment	Debenture	Industrial Park Land sale surplus	Recreation	Sewer	Elementary School Land sale surplus	Operating	CCBF (Gas Tax)	Fire Capital	Community Centre & Fire Hall	Total
Opening Balance	\$ 38,941	\$ 4,662	\$ 197,436	\$ 1,387	\$ 494,434	\$ 125,424	\$ 543,982	\$ 128,679	\$ 2,427	\$ 1,392,210	\$ 2,929,582
Grant income								149,388			149,388
Donations										47,528	47,528
Interest income - bank	769	121	4,593	20	12,784	1,193	13,588	3,311	63	36,658	73,098
Interest income - interfund loans	317		2,917			1,105	240				4,579
Transfers in/(out) from Operating					50,000		(6,355)				43,645
Transfers in/(out) to Capital	25,034		(15,000)					(92,397)			(82,363)
Closing Balance	\$ 65,060	\$ 4,782	\$ 189,946	\$ 1,407	\$ 557,217	\$ 127,722	\$ 551,455	\$ 188,981	\$ 2,490	\$ 1,476,396	\$ 3,165,456
Composed of:											
Cash in bank	\$ 35,736	\$ 4,782	\$ 155,084	\$ 1,407	\$ 557,217	\$ 76,996	\$ 550,650	\$ 188,981	\$ 2,490	\$ 1,476,396	\$ 3,049,738
Due (to)/from Operating	(66)	-	(865)	-	-	(331)	(6,947)	-	-	-	(8,209)
Due (to)/from Capital	19,912		(41,691)			7,600	528				(13,652)
Loans receivable from Capital	9,479		77,419			43,458	7,224				137,579
	\$ 65,060	\$ 4,782	\$ 189,946	\$ 1,407	\$ 557,217	\$ 127,722	\$ 551,455	\$ 188,981	\$ 2,490	\$ 1,476,396	\$ 3,165,456

2021-22	Equipment	Debenture	Industrial Park Land sale surplus	Recreation	Sewer	Elementary School Land sale surplus	Operating	CCBF (Gas Tax)	Fire Capital	Community Centre & Fire Hall	Total
Opening Balance	\$ 38,516	\$ 4,652	\$ 195,754	\$ 1,404	\$ 543,191	\$ 124,416	\$ 353,231	\$ 594,508	\$ 2,422	\$ 1,277,619	\$ 3,135,713
Grant income								291,599			291,599
Donations										111,915	111,915
Interest income - bank	39	9	283	3	1,084	41	910	1,309	5	2,676	6,360
Interest income - interfund loans	385	-	1,399	-	-	968	294	-	-	-	3,046
Transfers in/(out) from Operating					(49,841)		189,547	(636,236)			(496,531)
Transfers in/(out) to Water Capital								(122,501)			(122,501)
Bank charges				(20)							(20)
Closing Balance	\$ 38,941	\$ 4,662	\$ 197,436	\$ 1,387	\$ 494,434	\$ 125,424	\$ 543,982	\$ 128,679	\$ 2,427	\$ 1,392,210	\$ 2,929,582
Composed of:											
Cash in bank	\$ 24,783	\$ 4,662	\$ 162,192	\$ 1,387	\$ 494,434	\$ 46,197	\$ 533,194	\$ 128,679	\$ 2,427	\$ 1,392,210	\$ 2,790,165
Due (to)/from Capital			(44,068)								(44,068)
Due (to)/from Operating	(66)		(865)			(331)	(50)				(1,312)
Loans receivable from Capital	14,224		80,177			79,558	10,838				184,797
	\$ 38,941	\$ 4,662	\$ 197,436	\$ 1,387	\$ 494,434	\$ 125,424	\$ 543,982	\$ 128,679	\$ 2,427	\$ 1,392,210	\$ 2,929,582