

AGENDA
SPECIAL AUDIT COMMITTEE

Via Tele and Video Conference

Tuesday, September 14, 2021
8:30 a.m.

Time & Page

1. CALL TO ORDER
2. APPROVAL OF MINUTES – July 15, 2021
3. TREASURER’S FINANCIAL STATEMENT REPORT 1-3
4. DRAFT AUDITED FINANCIAL STATEMENTS YEAR END MARCH 31, 2021..... 4-63
5. INTERNAL CONTROL LETTER..... 64-65
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7. NEXT MEETING
8. IN-CAMERA – Contract Negotiations re Audit Contract under Section 22(2)(e) of the MGA
9. ADJOURNMENT

**Municipality of the District of Lunenburg
Treasurer's Report
For the Year Ended March 31, 2021**

Authorization: E. Wentzell

This report provides a summary of the audited consolidated financial statements for the year ending March 31, 2021 for the Municipality of the District of Lunenburg (the "Municipality").

The Municipality's consolidated financial statements are the responsibility of management and have been prepared in compliance with Provincial legislation, and in accordance with the Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of CPA Canada.

The consolidated financial statements have been audited by Belliveau Veinotte Inc., who have expressed their opinion that these statements present fairly, in all material aspects, the financial position of the Municipality as at March 31, 2021.

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

There are four required PSAB financial statements: Statement of Financial Position; Statement of Operations; Statement of Cash Flow and, Statement of Changes in Net Financial Assets.

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is a balance sheet summarizing the financial assets and liabilities of the Municipality. The statement highlights the net financial asset (or net debt if negative) which is the difference between the financial assets and liabilities, the investment in capital assets and the accumulated surplus.

The Municipality was able to invest in assets by leveraging funding from other levels of government and using its own reserves with no capital borrowing. The annual consolidated surplus was less than capital projects added net of amortization and disposals resulting in a decrease in net financial assets on this statement.

The following table shows the breakdown of accumulated surplus by fund and consolidated entities:

Operating fund	\$	-
Capital fund		38,016,207
Reserve fund		21,661,117
Municipal Joint Services Board		3,528,630
Lunenburg County Multipurpose Corporation		14,528,914
		<u>\$ 77,734,868</u>

Consolidated Statement of Operations

The Consolidated Statement of Operations provides a summary of the revenues, expenditures and surplus for the fiscal year. The statement consists of the funds for general operations, capital and the Municipality's share of the Lunenburg County Lifestyle Centre.

The Consolidated Statement of Operations shows an annual surplus for fiscal 2021 of \$5,418,613 with a budgeted surplus of \$101,284. The variance of \$5,317,330 consists of the following:

Description of Variance	Variance Amount	Budget	Actual
Revenue			
Assessable property taxes	\$ 1,596,232	\$ 20,621,200	\$ 22,217,433
Grants in lieu of taxes	672	203,200	203,872
Services provided to other governments	(14,992)	81,300	66,308
Licenses, permits, fines, rentals & recoveries	(9,456)	323,800	314,344
Interest, administration & tax sale fees	(166,718)	614,700	447,982
Tax sale surplus & other Finance	17,743	83,000	100,743
Economic Development grants & VIC	(1,781)	52,600	50,819
Sale of Services & other revenue	108,471	385,200	493,671
Open Space & user connection fees	35,099	50,000	85,099
Recreation fees	153	63,500	63,653
Sale of Capital Assets/Donated Assets	497,418	-	497,418
Gas Tax revenue & Federal & Provincial Grants	84,293	4,346,675	4,430,967
LaHave Straight Pipe Resident and LCCF Recoveries	1,057,276	-	1,057,276
LCLC consolidated revenue	(231,462)	528,686	297,224
Net Revenue Variance (increased revenue)	2,972,948	27,353,860	30,326,808
Expenditures			
Council & Other Legislative Services	(44,227)	453,700	409,473
Council Approved Contingency	(38,119)	106,700	68,581
Valuation Allowance	(329,553)	175,100	(154,453)
Grants to Organizations	(227,990)	715,900	487,910
Other Administrative Services	(746,145)	4,427,800	3,681,655
Protective Services	(184,220)	7,985,400	7,801,180
Roads & Streets	(359,946)	2,800,300	2,440,354
Street Lighting	378	145,600	145,978
Other Engineering Services	(60,456)	458,400	397,944
Fuel Rebate on Garbage Collection Contract	(50,762)	-	(50,762)
Tipping Fees and other Waste Disposal	(40,115)	2,473,600	2,433,485
Sewage Treatment	(96,802)	709,300	612,498
Other Environmental Health Services	30,135	9,200	39,335
Planning, Zoning and Economic Development	(118,455)	1,285,900	1,167,445
ISP Project	(1,090,977)	1,300,000	209,023
Recreation & Cultural Services	(53,433)	2,150,200	2,096,767
Depreciation of Capital Assets	620,502	850,000	1,470,502
<i>Write off of Capital Assets</i>	<i>352,517</i>	-	<i>352,517</i>
LCLC consolidated expenditures	(283,287)	1,205,478	922,191
Transfer to LCCF Trust Fund	376,571	-	376,571
Change in Landfill Liability	-	-	-
Net Expenditure Variance (decreased expenditure)	(2,344,383)	27,252,578	24,908,195
Total Variance Actual to Budget	\$ 5,317,330	\$ 101,284	\$ 5,418,614

Consolidated Statement of Cash Flows

The Statement of Cash Flows reports the change in cash by showing how the Municipality financed its activities and met its cash requirements throughout the year. The operating annual surplus is affected by non-cash items like amortization and changes in receivables, payables and liabilities. Capital activities include the purchase and disposal of tangible capital assets. Financing activities include acquisition of and payments on long term debt. Investing activities include investments, loans and advances, and inventory held for sale.

Consolidated Statement of Changes in Financial Net Financial Assets

This statement is required under the PSAB reporting standard. It explains the change in net financial asset as a result of annual operations, transactions in tangible capital assets and changes in other non-financial assets such as prepaid expenses and inventories. The Municipality is in a strong financial position. It has decreased its net financial asset by \$1.299 M. Accumulated surplus has decreased to \$5.418 million from \$6.987 million in the prior year.

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

FINANCIAL STATEMENTS

MARCH 31, 2021

DRAFT



**10 Allée Champlain Drive
Cookville, NS
B4V 9E4**

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DRAFT

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

DRAFT



**10 Allée Champlain Drive
Cookville, NS
B4V 9E4**

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MUNICIPALITY OF THE DISTRICT OF LUNENBURG

Consolidated Financial Statements

Year ended March 31, 2021

Management’s Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Municipality of the District of Lunenburg (the “Municipality”) are the responsibility of the Municipality’s management and have been prepared in compliance with legislation, and in accordance with the Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of CPA Canada. 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 judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The consolidated financial statements have been audited by Belliveau Veinotte Inc, independent external auditors appointed by the Municipality. The accompanying Independent Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality’s consolidated financial statements.

Tom MacEwan
Chief Administrative Officer

Elana Wentzell, CPA, CMA
Director of Finance

September 14, 2021



Member of The AC Group of Independent Accounting Firms

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INDEPENDENT AUDITOR'S REPORT

To the Council of the Municipality of the District of Lunenburg

Opinion

We have audited the accompanying consolidated financial statements of the Municipality of the District of Lunenburg (the "Municipality"), which comprise the consolidated statement of financial position as at March 31, 2021 and the consolidated statement of financial activities, changes in financial position and changes in net financial assets (liabilities) for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of the District of Lunenburg as at March 31, 2021, and the results of its operations and the changes in its financial position 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 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 these 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 relating 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 Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



REGISTERED MUNICIPAL AUDITORS
CHARTERED PROFESSIONAL ACCOUNTANTS

Bridgewater, Nova Scotia
September 14, 2021

Municipality of the District of Lunenburg
Consolidated Statement of Financial Position
As at March 31, 2021

A – 2

	2021 Actual	2020 Actual
Financial Assets		
Cash and cash equivalents (note 4)	\$ 25,477,060	\$ 29,607,826
Taxes receivable (net of asset valuation allowances) (note 5)	1,352,491	1,649,601
Other receivables (net of asset valuation allowances) (note 6)	3,014,743	1,726,253
Investment in Municipal Joint Service Board (note 16)	3,528,630	3,528,630
Assets held for resale (note 27)	425,288	442,695
	33,798,211	36,955,004
Liabilities		
Accounts payable and accrued liabilities	1,637,480	3,111,636
Long-term debt (note 9 a)	640,000	2,864,847
Other liabilities		
Payable to other governments	2,114,796	788,786
Employee future benefit obligations (note 13 b)	458,505	332,817
Other (note 7)	4,133,628	3,743,719
	8,984,409	10,841,805
Net Financial Asset	24,813,803	26,113,200
Non-Financial Assets		
Tangible Capital assets (net of accumulated amortization) (note 10)	52,773,437	46,042,312
Prepaid expenses	147,628	160,745
	52,921,066	46,203,055
Accumulated Surplus (note 24)	\$ 77,734,868	\$ 72,316,255

Contingent Liabilities (note 9 d)

Commitments (note 11)

On behalf of the Municipality of the District of Lunenburg

_____ Mayor

_____ Chief Administrative Officer

**Municipality of the District of Lunenburg
Consolidated Statement of Operations
For the Year Ended March 31, 2021**

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	2021		2020
	Budget	Actual	Actual
Revenue			
Assessable property taxes ¹ (note 12)	\$ 20,621,200	\$ 22,217,433	\$ 21,001,517
Grants in lieu of taxes	203,200	203,872	206,395
Services provided to other governments	81,300	66,308	49,026
Other revenue from own sources (note 12 a)	2,013,186	3,317,559	4,507,810
Unconditional transfers from other governments	88,300	90,670	87,017
Conditional transfers from other governments (note 12 a)	4,346,675	4,430,967	3,992,173
	<u>27,353,860</u>	<u>30,326,808</u>	<u>29,843,938</u>
Expenditures			
General government services	5,961,707	4,863,795	4,094,259
Protective services	7,986,127	7,801,180	7,629,689
Transportation services	3,583,111	3,275,450	2,681,727
Environmental health services	3,559,616	4,319,558	3,996,069
Environmental development services	2,639,572	1,510,000	1,349,266
Recreation and cultural services	3,522,445	3,138,212	3,105,200
	<u>27,252,578</u>	<u>24,908,195</u>	<u>22,856,211</u>
Annual Surplus	101,284	5,418,613	6,987,727
Accumulated Surplus, beginning of year	<u>72,316,255</u>	<u>72,316,255</u>	<u>65,328,523</u>
Accumulated Surplus, end of year (note 24)	<u>\$ 72,417,539</u>	<u>\$ 77,734,868</u>	<u>\$ 72,316,255</u>

Note 1 - Assessable property taxes are reported net of Provincial transfers: education, corrections and regional housing.

**Municipality of the District of Lunenburg
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2021**

A – 4

	2021	2020
	Actual	Actual
Operating Activities		
Annual Surplus	\$ 5,418,613	\$ 6,987,727
Change in non-cash items		
Amortization	1,976,813	1,441,061
Taxes receivable (net of asset valuation allowances)	297,110	138,758
Other receivables (net of asset valuation allowances)	(1,288,490)	385,999
Change in assets held for sale	17,407	442,695
Payables	(1,474,156)	1,321,649
Other liabilities	1,841,607	(396,057)
Change in prepaid	13,116	(144,932)
	6,802,021	10,176,900
Capital Activities		
Acquisition of tangible capital assets	(9,061,976)	(7,304,286)
Disposals of tangible capital assets	354,037	-
	(8,707,939)	(7,304,286)
Financing Activities		
Change in bank loans	-	-
Principal payments on long-term debt	(2,224,847)	(999,848)
	(2,224,847)	(999,848)
Investing Activities		
Assets held for sale	-	(442,695)
Net increase (decrease) in cash and cash equivalents	(4,130,765)	1,430,069
Cash and Cash Equivalents		
Beginning of Year	29,607,826	28,177,755
End of Year	\$ 25,477,060	\$ 29,607,826

Municipality of the District of Lunenburg
Consolidated Statement of Changes in Financial Net Financial Assets
For the Year Ended March 31, 2021

A – 5

	2021 Actual	2020 Actual
Annual Surplus	\$ 5,418,613	\$ 6,987,727
Acquisition of tangible capital assets	(9,061,976)	(7,304,286)
Amortization of tangible capital assets	1,976,813	1,441,061
Disposal of tangible capital assets	354,037	-
	<u>(6,731,126)</u>	<u>(5,863,223)</u>
Acquisition of assets held for sale	-	442,695
Acquisition of prepaid expenses	13,116	(144,932)
	<u>13,116</u>	<u>297,763</u>
Decrease in Net Financial Assets	(1,299,396)	1,422,267
Net Financial Assets		
Beginning of Year	<u>26,113,200</u>	<u>24,690,934</u>
End of Year	<u>\$ 24,813,803</u>	<u>\$ 26,113,200</u>



1. Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

The consolidated financial statements of the Municipality of the District of Lunenburg (“Municipality”) have been prepared, by Management, in accordance with the CPA Canada Public Sector Accounting Standards.

(b) Consolidated Entities

These consolidated statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Municipal Council and which are owned or controlled by the District of Lunenburg. Inter-fund and inter-corporate transactions have been eliminated.

(i) Consolidated Entities

In addition to the general Municipality of the District of Lunenburg departments and funds, the following are consolidated:

- Municipal Joint Services Board
- The Municipality’s proportionate share of Lunenburg County Multi-Purpose Centre Corporation

(ii) Non-Consolidated Entities

The following local boards, commission, and agencies are not consolidated:

- Property Valuation Services Corporation
- Western Regional Housing Authority
- South Shore Regional Library Board

(iii) Trust Funds

Trust funds and their related operations are administered by the Municipality for the benefit of external parties and are not consolidated. The remaining trust accounts are reported separately on the trust funds’ statement of continuity and statement of financial position. The trust funds administered by the Municipality are comprised of the following:

	2021	2020
	<u>Actual</u>	<u>Actual</u>
Burial funds	\$ 3,044	\$ 3,010
School lands	26,227	26,227
Lunenburg County Community Fund	875,442	498,871
	<u>\$ 904,713</u>	<u>\$ 528,108</u>

1. Summary of Significant Accounting Policies and Reporting Practices (Continued)

(c) Basis of Accounting

(i) PSAB Recommendations

These financial statements have been prepared in accordance with the standards established by the CPA Canada Public Sector Accounting Board “PSAB” which are applicable to Municipalities.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

Funds from external parties and earnings thereon and restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers are recognized in the financial statements as revenues in the period that events giving rise to the transfer occurred, providing the transfers are authorized, the Municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(ii) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingencies and the reported amounts of revenue and expenditure in the consolidated financial statements and accompanying notes. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Due to inherent uncertainty in making estimates, actual results could differ from those estimates.

1. Summary of Significant Accounting Policies and Reporting Practices (Continued)

(c) Basis of Accounting (continued)

(iii) Taxation and Related Revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by Property Valuation Services Corporation ("PVSC") and adjusted for estimates of appeals and reassessments. Tax rates are established annually by Municipal Council during the budget approval process. Tax adjustments as a result of appeals and reassessments are recorded when the result of the appeal process is known. Valuation allowances are established based on estimated losses that may be incurred in collecting outstanding receivables.

The Municipality includes interest in revenue on overdue taxes it is entitled to collect.

(iv) Accounts Receivable

Accounts receivable are reported net of any allowance for doubtful accounts.

(v) Tangible Capital Assets

Capital assets are recorded at cost in the period they are acquired. Donated assets are capitalized and recorded at their estimated fair value upon acquisition. Certain capital assets for which historical cost information was not available have been recorded at current fair market value discounted by a relevant inflation factor.

Amortization is recorded in the financial statements on a straight-line basis over an asset's estimated useful life as follows:

	Years
Land improvements	25
Buildings	15-40
Electronic Equipment	5-10
Small Equipment	3-15
Machinery and Equipment	10-15
Vehicles	3-15
Roads and Streets	30
Traffic and Street Lights	30
Sidewalks	25
Sewer Systems	50
Wharves	25
Other	25-50
LaHave River Sewer Systems	7

No amortization is recorded in the year of acquisition.

1. Summary of Significant Accounting Policies and Reporting Practices (Continued)

(c) Basis of Accounting (continued)

(vi) Employee Future Benefit Obligations

The Public Sector Accounting Handbook requires accounting for and reporting obligations for employee future benefits. An estimate of these liabilities has been recorded with the Consolidated Statement of Financial Position.

On March 1, 2020 employees of the Municipality entered 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 to which they relate.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, and highly liquid temporary money instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

(e) Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites would be recognized when all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Municipality of the District of Lunenburg:
 - a. is directly responsible;
 - b. or accepts responsibility;
- (iv) and a reasonable estimate of the amount can be made.

As at March 31, 2019 the Riverport School site has been identified as a contaminated site (Note 7 b).

2. Contributions to Boards, Regional Authorities and Commissions

Together with other municipal units in Lunenburg County, the Municipality is required to finance the operations of the various Boards, Regional Authorities and Commissions based on uniform assessment.

In addition to any budgeted contributions, the municipal units share in the deficits or surpluses of these Boards based on their sharing percentages. The municipal units' share of the surplus or deficit is set up as payable to, or receivable, from the other organizations.

Contribution to Non-Consolidated Boards

The following contributions were made by the Municipality for current year's operations to non-consolidated board, agencies, and commissions:

	2021		2020
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Western Regional Housing Authority (a)	\$ 35,000	\$ 29,148	\$ 51,535
South Shore Regional Library Board (b)	159,700	158,314	159,715
Property Valuation Services Corporation (3. c)	704,500	704,451	698,022
	<u>\$ 899,200</u>	<u>\$ 891,913</u>	<u>\$ 909,272</u>

(a) Contribution to Regional Housing Authority

The Municipality is required to help finance its share of the operating deficit in the Western Regional Housing Authority out of its current year's operation. The cumulative deficit financed for 2020-21 was \$29,148 (2019-20 - \$51,535).

(b) Contribution to Regional Library Board

During 2020-21, the Municipality paid \$158,314 (2019-20 - \$159,715) to the Regional Library Board as its share of operating costs.

3. Contribution to Provincial Government Departments and Agencies

(a) Education Contribution

The required contribution to the South Shore Regional Centre for Education is calculated using the mandatory municipal education rate (set by the Minister of Education) multiplied by the Municipality's uniform assessment. For 2020-2021 the education tax rate was \$0.3048 (2019-20 - \$0.3048) per \$100 of uniform assessment multiplied by the uniform assessment of \$2,756,731,257 (2019-20 - \$2,671,786,339) for a total amount paid of \$8,401,602 (2019-20 - \$8,143,605).

(b) Correction Contributions

The required contribution for corrections is calculated first using an amount set by the Province, to be recovered from all municipal units. Fifty percent of this recovery amount is allocated among municipal units using each unit's uniform assessment as a percentage of provincial uniform assessment. The other fifty percent is allocated using each unit's number of dwelling units as a percentage of provincial dwelling units. During 2020-21 the Municipality paid \$431,801 (2019-20 - \$433,536) to the Province for correction services.

(c) Assessment Service Contributions

The required contributions for assessment services is calculated using an amount, set by the Property Valuation Services Corporation (PVSC), to be recovered from all municipal units 2020-21 \$17.872 million (2019-20 - \$17.695 million). Fifty percent of this recovered amount is allocated among municipal units using each unit's uniform assessment as a percentage of provincial uniform assessment. The other fifty percent is allocated using each unit's number of assessment accounts as a percentage of provincial assessment accounts. During 2020-21 the Municipality paid \$704,451 (2019-20 - \$698,022) to the PVSC for assessment services.

(d) Lunenburg County Multi-Purpose Centre Corporation

On November 10, 2009, the Municipality entered into an agreement with the Town of Bridgewater to form the Lunenburg County Multi-Purpose Centre Corporation ("LCLC") to own and operate a multi-purpose facility. The Municipality has a fifty percent interest in the facility. The original capital cost was paid from reserves and replenished through a special tax rate. The remaining balance at March 31, 2016 of \$710,339 was paid in 2016-17. The overage in capital costs was also funded through municipal reserves. The remaining balance was \$1,747,478 at March 31, 2016. The LCLC has agreed to forward future capital donations to the Municipality to help replenish this additional reserve drawdown. In 2018-19, no capital donations were received and paid back to the reserve fund (2017-18: \$25,500; \$2016-17: \$76,000; 2015-16: 22,500). In 2019-20, the Municipality's Council agreed to write off the \$1,645,979 remaining balance.

3. Contribution to Provincial Government Departments and Agencies (continued)

(d) Lunenburg County Multi-Purpose Centre Corporation (continued)

Included in the Municipality's consolidated financial statements are its proportionate share of the net assets in the amount of \$14,528,914 (2019-20 - \$15,023,022). The following table provides supplementary financial information for the LCLC as of March 31:

Financial Position	2021		2020
	MODL Share	TOTAL	
Financial Assets	\$ 518,695	\$ 4,295,676	\$ 4,060,700
Liabilities	532,425	4,323,135	4,056,874
Net Financial Assets (Liabilities)	(13,730)	(27,459)	3,826
Non Financial Assets	14,542,644	29,085,287	3,004,218
Net Assets (Liabilities)	\$ 14,528,914	\$ 29,057,828	\$ 3,008,044

As of March 31, 2021, MODL had the following related party transactions with the LCLC:

	2021	2020
Due to LCLC	\$ 385	\$ 95
Operating Grants paid to LCLC	468,190	420,000
Capital Grants paid to LCLC	378,703	87,500

4. Cash and Cash Equivalents	2021	2020
	<u>Actual</u>	<u>Actual</u>
Included in Cash are Restricted Amounts		
Gas Tax grant program	\$ 2,066,261	\$ 3,900,849
Lunenburg County Lifestyle Centre	375,432	52,076
Tax Sale Surplus	1,666,267	1,120,681
Landfill Closure	849,618	864,205
	<u>4,957,578</u>	<u>5,937,811</u>
 Unrestricted Cash	 <u>20,519,482</u>	 <u>23,670,015</u>
	<u>\$ 25,477,060</u>	<u>\$ 29,607,826</u>
	2021	2020
	<u>Actual</u>	<u>Actual</u>
Cash Made Up Of:		
Operating Fund	\$ 7,272,727	\$ 16,861,684
Capital Fund	(912,878)	(2,584,799)
Reserve Fund	18,741,780	15,278,865
Lunenburg County Lifestyle Centre	375,432	52,076
	<u>\$ 25,477,060</u>	<u>\$ 29,607,826</u>

The Gas Tax grant program funds are restricted to eligible projects, as approved under the Canada-Nova Scotia Gas Tax Agreement. The landfill closure funds are restricted by provincial regulations to fund eligible landfill costs.

5. Taxes Receivable	<u>2021</u> Actual	<u>2020</u> Actual
Balance, beginning of year	\$ 1,649,601	\$ 1,788,359
Current year's tax levy	28,495,242	27,965,923
Interest on overdue taxes and rates	111,194	311,541
	<u>30,256,037</u>	<u>30,065,823</u>
Deduct		
Collections	28,270,557	27,473,220
Adjustments, write-offs & bad debt expense	(154,133)	3,248
Exemptions for taxes	175,246	170,240
	<u>28,291,670</u>	<u>27,646,708</u>
Sub-total	1,964,367	2,419,115
Allowance for doubtful accounts	(611,877)	(769,515)
Net taxes receivable	<u>\$ 1,352,491</u>	<u>\$ 1,649,601</u>

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6. Other Receivables

(a) Other	2021	2020
	Actual	Actual
Governments		
Government of Canada and its agencies	\$ 84,931	\$ 248,954
Province of Nova Scotia and its agencies	1,668,647	565,998
Trust Fund	-	(4,610)
Municipal Joint Services Board ("MJSB")	2,442	4,743
Wileville Fire Department	-	-
Municipal Governments	92,381	84,023
	<u>1,848,400</u>	<u>899,107</u>
General Public		
LaHave River Stright Pipe Loans	288,463	243,068
Clean Energy Financing Loans	802,402	498,255
	75,208	85,873
	<u>1,166,073</u>	<u>827,195</u>
Allowance for Doubtful Accounts	269	(50)
	<u>\$ 3,014,743</u>	<u>\$ 1,726,253</u>

Other Receivables Found in:

Operating Fund	\$ 610,342	\$ 310,795
Capital Fund	2,261,138	1,247,343
Reserve Fund	-	-
Trust Fund	-	-
Other	143,263	168,115
	<u>\$ 3,014,743</u>	<u>\$ 1,726,253</u>

(b) Allowances for Doubtful Accounts

	2021	2020
	Actual	Actual
Due from general public	\$ (269)	\$ 50
	<u>\$ (269)</u>	<u>\$ 50</u>

7. Other Liabilities	2021	2020
	Actual	Actual
Deferred Revenues		
Other	\$ 94,650	\$ 160,606
Lunenburg County Lifestyle Centre	431,224	98,396
	<u>525,874</u>	<u>259,002</u>
Other		
Prepaid Taxes	930,034	858,853
Tax Sale Surplus (note 8)	1,666,267	1,120,681
Riverport School environmental liability (note 7b)	478,065	595,223
Pension liability	-	-
Landfill closure liability (note 7a)	408,830	408,830
Lunenburg County Community Fund (note 7c)	124,558	501,129
	<u>\$ 4,133,628</u>	<u>\$ 3,743,719</u>

(a) Landfill Site Closure

As of April 1, 2013, the Municipality transferred all of the assets and liabilities of the Lunenburg Regional Recycling and Composting Facility (“LRRCF”) to the Municipal Joint Service Board (“MJSB”).

Municipalities are required to recognize closure costs as an expense and make an equivalent transfer into a special capital reserve fund in each period that the landfill accepts solid waste. Recognition of closure costs started on the date the landfill began accepting solid waste. The Municipality has site closure reserves which are in excess of the landfill liability. Total transfers to site closure capital reserves and interest earned on these reserve funds at March 31, 2021 was \$849,618 (2020- \$864,205). The landfill was closed to further disposal in 2005 and subsequent costs incurred relate to remediation and monitoring. The present value of the remaining landfill site closure cost is estimated to be \$408,830 (2020 – \$408,830).

The future landfill site closure costs were forecast with inflation at 2% per annum and discounted back to March 31, 2019 using a discount rate of 2.5%. A gross landfill closure liability of \$408,830 (2020 - \$408,830) has been reported in the consolidated statement of financial position of the Municipality and includes costs for the assessment of the site monitoring, treatment of leachate, monitoring of ground and surface water, monitoring and recovery of gases and maintenance of required drainage systems and other control systems.

7. (a) Landfill Site Closure (continued)

	<u>2021</u> Actual	<u>2020</u> Actual
Estimated gross landfill closure cost	\$ 408,830	\$ 408,830
Reserves for Site Closure	849,618	864,205

(b) Contaminated Site – Riverport School

Petroleum hydrocarbon contamination was discovered during an Environmental Site Assessment of the Riverport School property. MODL notified the Provincial Department of Environment as per provincial legislation. The Department issued an inspection report with a schedule for compliance for site remediation. An Engineering consultant was hired to identify the costs and risks associated with the contamination. On July 16, 2016, Municipal Council approved a plan to demolish the building and remediate to Tier 2 standards for an estimated cost of \$600,100. The tear down, remediation and testing follow-up costs to date were \$256,870. Site monitoring has determined that additional monitoring and remediation is required with an estimated cost of \$250,000.

(c) Lunenburg County Community Fund Liability

The Lunenburg County Community Fund (LCCF) donated \$1,000,000 to help finance the LaHave River Straight Pipe Project. In accordance with the Memorandum of Understanding between MODL and the LCCF, homeowner payments will replenish the donation and are transferred to a Trust Fund in the name of the LCCF to be used on future mutually agreed upon projects. Homeowner payments of \$875,442 have been received to date, leaving a liability to the LCCF of \$124,558.

	<u>2021</u> Actual	<u>2020</u> Actual
LCCF liability, beginning of year	\$ 501,129	\$ 466,094
LCCF amount received (\$1M over 2 year)	-	347,496
Homeowner payments transferred to Trust	376,571	312,461
Balance left to transfer (liability)	<u>\$ 124,558</u>	<u>\$ 501,129</u>

8. Tax Sale Surplus Account

The Municipality of the District of Lunenburg is required to hold the surplus from tax sales for a period of twenty (20) years. This surplus represents excess funds received at tax sales over and above the original amounts which were owing to the Municipality at the time a particular property was sold. The excess proceeds if not claimed, are to be transferred to the Capital Reserve fund at the end of the twenty (20) year period. A surplus of \$11,646 was transferred to the Capital Reserve in Fiscal 2021. Provincial regulations require the tax sale surplus be included on the consolidated statements as a liability. Tax sale surplus account amounts and the respective years in which they arose are as follows:

	2021	2020
	Actual	Actual
2001		11,646
2002	15,918	15,918
2003	48,157	48,157
2004	3,556	3,556
2005	13,783	13,783
2006	62,358	62,358
2007	4,247	4,247
2008	8,368	8,368
2009	86,299	86,299
2010	113,084	113,084
2011	19,061	19,061
2012	54,221	54,221
2013	59,145	59,145
2014	28,890	28,890
2015	69,981	69,981
2016	46,070	46,070
2017	112,409	112,409
2018	18,188	18,188
2019	38,955	38,955
2020	184,591	306,346
2021	678,986	-
	<u>\$ 1,666,267</u>	<u>\$ 1,120,682</u>

9. Long-term Debt

(a) Balance of Long-term Debt

The balance of the long-term debt reported on the consolidated statement of financial position is made up of the following:

	Due	Balance April 1	Added (Redeemed)	Balance March 31	Interest	Blended Interest Rate
Environmental health services	June 1, 2021	\$ 240,000	\$ (120,000)	\$ 120,000	\$ 7,104	4.95%
Economic dev & environmental	June 1, 2020	1,470,000	(1,470,000)	-	11,956	4.70%
Economic dev & environmental	Oct. 24, 2021	1,040,000	(520,000)	520,000	37,730	4.50%
Various purposes	Nov 9, 2020	114,847	(114,847)	-	2,778	3.25%
		<u>\$ 2,864,847</u>	<u>\$ (2,224,847)</u>	<u>\$ 640,000</u>	<u>\$ 59,568</u>	

(b) Principal Payments

Principal repayments required for the next five (5) years are as follows:

2022	\$ 640,000
2023	\$ -
2024	\$ -
2025	\$ -
2026	\$ -

- (i) The annual principal and interest payment required to service the liabilities are within the debt repayment guidelines prescribed by Nova Scotia Department of Municipal Affairs.
- (ii) The Environmental Health Services (Solid Waste Site) long-term debt is to be recovered from the general revenues of the Municipality and will continue to require funding from tax revenues in the future. The lump sum payment in 2021 was funded utilizing operating reserves as approved by Municipal Council.

9. Long-term Debt (continued)

(c) Total Charges for Long-term Debt

Total charges for the year for long-term debt which are included in the consolidated statement of financing activities are as follows:

	2021		2020
	Budget	Actual	Actual
Principal payments			
Environmental health services	\$ 120,000	\$ 120,000	\$ 120,000
Economic and environmental development	2,104,900	2,104,847	879,848
	<u>2,224,900</u>	<u>2,224,847</u>	<u>999,848</u>
Interest payments			
Environmental health services	\$ 9,200	\$ 7,104	\$ 13,144
Economic and environmental development			
Development at Exit 12	83,500	49,686	135,080
Various purposes	4,500	2,778	7,093
	<u>97,200</u>	<u>59,568</u>	<u>155,317</u>
	<u>\$ 2,322,100</u>	<u>\$ 2,284,415</u>	<u>\$ 1,155,165</u>

(d) Contingent Liabilities

The Municipality is contingently liable for long-term liabilities for which the responsibility of the payment of principal and interest has been assumed by other organizations as follows:

- *Lunenburg County Multi-Purpose Centre Corporation* – The Municipality has guaranteed the Temporary Borrowing Resolution of the “Lunenburg County Multi-Purpose Centre Corporation” in the amount of \$3,850,000. There is no balance owing on this capital debt at year end.
- *Municipal Joint Services Board* - The Municipality is responsible for their share of the liabilities of the Board: The nature of solid waste management leads to potential for site contamination.
Although active mitigation practices are in place, potential environmental liabilities in a final full site closure are undeterminable, however given the nature could potentially be significant.
- *Blockhouse Volunteer Fire Department* – The Municipality has provided a loan guarantee to the Blockhouse Volunteer Fire Department in the amount of \$100,000 for the purpose of constructing a new fire hall for a period not exceeding ten years. The loan guarantee has been approved by the Minister of Municipal Affairs and expires May 6, 2026. As of March 31, 2021 the loan is in good standing.
- *Martin’s River Fire Commission* – the Municipality has provided a loan guarantee to the Martin’s River Fire Commission in the amount of \$100,000 for the purpose of purchasing an emergency rescue pumper truck for a period not exceeding three years. This document was approved by the Minister of Municipal Affairs and Housing on May 5, 2020 with an expiration date of May 5, 2023. The Fire Commission secured the loan in June 2020 and paid it off in full on April 30, 2021

**Municipality of the District of Lunenburg
Notes to Consolidated Financial Statements
For the Year Ended March 31, 2021**

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10. Tangible Capital Assets	Cost - Beg of	Additions	Cost Disposals	Cost-End of	Amort Disposals	Amort in Year	Acc Amort	Acc Amort	Net Book Value	
	Year		& Write Offs	Year	& Write Offs		Beg of Year	End of Year	2021	2020
Municipal General										
Land	\$ 5,723,006	\$ 996,650	\$ 308,352	\$ 6,411,304	\$ -	\$ -	\$ -	\$ -	\$ 6,411,304	\$ 5,723,006
Land Improvements	1,876,338	192,139	-	2,068,478	-	66,393	434,602	500,995	1,567,482	1,441,736
Buildings	4,350,570	5,056,230	-	9,406,800	-	48,611	450,424	499,035	8,907,765	3,900,146
Buildings/Plants - WWTP	6,243,425	-	-	6,243,425	-	250,469	3,337,139	3,587,607	2,655,818	2,906,287
Electronic Equipment	462,142	-	377,571	84,571	358,172	9,307	404,058	55,193	29,378	58,084
Small Equipment	207,619	27,347	48,034	186,932	48,034	16,511	131,705	100,182	86,750	75,914
Machinery & Equipment	945,482	24,069	-	969,551	-	61,217	428,890	490,107	479,443	516,592
Vehicles	285,882	-	-	285,882	-	41,088	131,011	172,099	113,784	154,872
Wharves	378,674	-	-	378,674	-	15,318	168,417	183,735	194,939	210,257
Roads and Streets	8,082,482	669,343	-	8,751,825	-	267,453	2,451,130	2,718,583	6,033,242	5,631,353
Sidewalks	328,990	-	-	328,990	-	10,966	34,468	45,434	283,556	294,522
Sewer System	7,569,547	5,631	-	7,575,178	-	166,327	1,810,902	1,977,229	5,597,950	5,758,645
LaHave Straight Pipe Project	3,587,119	2,054,824	-	5,641,943	-	448,390	43,298	491,688	5,150,255	3,543,821
WIP - Municipal Services Building	-	-	-	-	-	-	-	-	-	-
Other	1,179,318	12,019	26,920	1,164,418	2,154	68,452	350,262	416,560	747,858	829,057
	41,220,595	9,038,252	760,877	49,497,971	408,360	1,470,502	10,176,306	11,238,448	38,259,523	31,044,289
Other units share REMO	(12,634)	-	(4,910)	(7,724)	(4,910)	-	(12,634)	(7,724)	-	-
	41,207,961	9,038,252	755,967	49,490,247	403,450	1,470,502	10,163,672	11,230,723	38,259,523	31,044,289
Lunenburg County Multi-Purpose Centre Corporation (50% equity)										
Land	433,583	-	-	433,583	-	-	-	-	433,583	433,583
Land Improvements	1,424,272	-	-	1,424,272	-	56,971	369,310	426,281	997,991	1,054,962
Building	15,864,549	-	-	15,864,549	-	398,711	2,580,602	2,979,313	12,885,236	12,783,947
Furniture and fixtures	167,852	-	-	167,852	-	16,785	103,368	120,153	47,699	64,484
Computer equipment	118,470	17,412	-	135,882	-	6,130	108,580	114,710	21,172	9,891
Equipment	316,874	-	4,344	312,531	2,823	27,715	168,468	193,359	119,172	148,407
Work in Progress	2,750	6,313	-	9,063	-	-	-	-	9,063	2,750
Total Tangible Capital Assets	18,328,348	23,724	4,344	18,347,729	2,823	506,312	3,330,326	3,833,815	14,513,914	14,498,022
Total Tangible Capital Assets	\$ 59,536,309	\$ 9,061,976	\$ 760,311	\$ 67,837,975	\$ 406,273	\$ 1,976,813	\$ 13,493,998	\$ 15,064,538	\$ 52,773,437	\$ 45,542,311

11. Commitments

(a) Payments

- i) The Municipality entered into a four-year contract for garbage collection with a two-year optional extension clause. The contract term is April 1, 2020 to March 31, 2024 and requires the following payments: 2021/22– \$1,104,886; 2022/23 - \$1,129,746; 2023/24 - \$1,155,166 (before HST).
- ii) On December 7, 2012, the Municipality, the Town of Bridgewater and Town of Mahone Bay entered into a ten-year contract to outsource the blue bag recycling and marketing of related materials of the LRRCF operation. The payments are based on tonnage of recyclable material sent FOB to the LRRCF, with built in annual base cost escalator and fuel adjustment clause.

(b) School

On January 31, 1982, the Municipality joined with the other Municipalities and towns in Lunenburg County to form the South Shore Regional School Board which was later replaced by the South Shore Regional Centre for Education (SSRCE). Under the agreement, all school buildings as of December 31, 1981, will remain assets of the Municipality, but will be under the operational control of the SSRCE until such time they are no longer required for school purposes. At that time, control will revert back to the Municipality. Since the Municipality does not have control over the schools that are used by the SSRCE, they are not included in the financial statements of the Municipality. The SSRCE turned over the following schools for which they no longer had use: Blockhouse, Centre, and Riverport. The school facilities are fully depreciated and the value of the school lands was offset by the estimated demolition costs of the school buildings. Blockhouse School was sold in Fiscal 2016. Additional Schools are expected to be declared surplus in the next several years which are anticipated to represent a significant cost to the Municipality to decommission. The Municipality continues to engage the Province in informal discussions on possible participation in the financial impact of future school closures. There is no assurance these discussions will be successful.

(c) Osprey Village

On April 19, 2010 the Municipality entered into a Memorandum of Understanding with the Town of Bridgewater, and the following remains outstanding:

- The Town of Bridgewater will make a \$1,000,000 contribution to a new water storage reservoir, with interest at 4% compounded annually, payable on or after April 15, 2015. To date, no contribution has been made.

11. Commitments (continued)

(d) Partnership Project

Effective August 28, 2018 the Municipality renewed its contract with the Canadian Air Engineering Squadron to assist, support, and facilitate the recruitment of reservists by providing a facility in Pinegrove, Lunenburg County, Nova Scotia. This contract expires March 31, 2024.

(e) School Lands Trust Payments

The Municipality receives interest income annually from funds held in trust, representing its interest in school lands. These funds are available for the purchase of books as follows:

	Parkview Education Centre	New Germany Rural High	Total
Balance, beginning of year	302	302	605
Interest income earned in trust	147	147	295
Less: paid to schools for books	(302)	(302)	(605)
Balance available for book purchases	147	147	295

(f) Garbage Disposal

Commencing April 1, 1991, the Municipality entered into an agreement with other Municipal Units in Lunenburg County to share in the capital cost of the site, based on the average of waste collected and uniform assessment over the last five (5) years. Each of the units has a vested interest in the site; however, no unit can receive its vested interest unless all units mutually agree to close the site to solid waste disposal. On April 1, 2012 the Town of Lunenburg (“TOL”) withdrew from the partnership. This event is not expected to have a material effect of the LRRCF operations as the TOL waste amounts to less than 8% of the total received at the facility. The remaining partners formed a Municipal Joint Service Board (“MJSB”) under Section 60 of the Municipal Government Act to operate the LRRCF beginning in Fiscal 2014. On March 31, 2013 the related assets and liabilities were transferred to the Municipal Joint Services Board.

The three remaining partner units, the Town of Bridgewater, Town of Mahone Bay and the Municipality of the District of Lunenburg continue their discussions with the Town of Lunenburg to determine their rights and obligations under the various waste management agreements as a result of the 2012 withdrawal by the Town of Lunenburg. Should the municipal units fail to reach an agreement, the three remaining partners are responsible for recovering the landfill closeout and post closeout costs from the Town of Lunenburg.

(g) **Joint Emergency Measures Organization**

The Municipality has an Agreement with the Town of Bridgewater, Town of Mahone Bay and the Municipality of Chester to provide for a coordinated response to emergencies. On April 1, 2015 the Town of Lunenburg was added to the Agreement.

The municipal building at 210 Aberdeen, Bridgewater is actively on the market for sale. Any shared EMO assets were fully depreciated and were not moved to the new building site at 10 Allée Champlain Drive Cookville. All municipal building contents including any EMO assets have been moved to inventory as assets available for sale at March 31, 2021 at the net book value as per PSAB regulations.

12. Assessed Property Taxation

	2021		2020
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Total taxes and rates	\$ 29,489,600	\$ 31,079,983	29,630,192
Less:			
Taxes collected on behalf of others:			
School Board levy	8,401,600	8,401,602	8,143,605
Correctional Services	431,800	431,801	433,536
Deficit of Regional Housing Authority	35,000	29,148	51,535
	<u>8,868,400</u>	<u>8,862,550</u>	<u>8,628,676</u>
Net taxes and rates	\$ 20,621,200	\$ 22,217,433	\$ 21,001,517

12 (a) Schedule of Other Revenues & Conditional Transfers

	Actual 2021	Actual 2020
Other revenue from own sources		
<i>Operating fund revenue</i>		
Licenses & permits	\$ 112,022	\$ 68,517
Police prosecution & fines	50,520	84,459
Rentals	87,094	103,150
CES/CEF Expense Recovery	64,708	64,708
Interest - bank accounts and pension	254,789	729,164
Interest on overdue taxes	115,355	312,047
Administration charges - REMO	5,844	-
Tax Sale fees	71,995	57,639
Open Space Fees	84,899	62,644
Tax Information - third parties	89,097	85,332
Tax Sale surplus	11,646	-
Pro-Kids	15,507	25,778
Economic Development grants & VIC	50,819	56,424
Sale of Services	63,945	88,664
Other Administrative revenues	6,361	1,349,670
<i>Capital fund revenue</i>		
Aerated compost carts	-	-
Sewer user connect fees	200	100
LCLC fundraising	-	11,750
Sale of Assets (golf course, used vehicle, and land)	275,015	-
Liability funding - Riverport School	117,159	-
Lun Co Community Fund	680,705	578,714
Other Contributions	638,881	316,630
Interest on receivables	1,182	5,213
Donated assets (land)	212,000	6,150
Gain on sale of assets	10,593	-
<i>LCLC consolidated revenue</i>	297,224	501,060
	<u>\$ 3,317,559</u>	<u>\$ 4,507,810</u>
Conditional transfers from other governments		
Gas Tax revenue	1,112,740	2,352,655
Federal & Provincial capital grants	1,578,779	1,247,344
Provincial operating grants	1,608,589	141,406
LCLC consolidated government transfers	130,859	250,768
	<u>\$ 4,430,967</u>	<u>\$ 3,992,173</u>

13. Employee Benefits

(a) Pension Agreements

Effective March 1, 2020, the Municipality signed a transfer agreement with the Public Service Superannuation Plan Trustee Incorporated ("PSSPTI") to transition its pension plan assets 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.

Upon entering into such agreements, assets and liabilities of a Municipality pension plan are in whole, or in part, transferred to the PSSP. On or after the transfer date, retirees of the former Municipality defined benefit pension plan are deemed to be retirees within the PSSP.

The transition was accounted for as a settlement as the Municipality transferred its assets and any remaining obligation of its defined benefit pension plan to the PSSP. In accordance with the transfer agreement, the Municipality will have no further obligations or liabilities in respect of its former defined benefit pension plan and is only responsible to make contributions to the PSSP as an employer. The resulting differential on transfer is based on a draft actuarial transfer report that estimates that there will be a \$155,200 deficit on transfer. This potential pension benefit deficit has not been recorded in the consolidated statement of operations.

Expenses associated with the transfer including legal and actuarial fees have been budgeted utilizing the Employee Pension Reserve and Operating surplus. These costs are expensed in the fiscal year in which they are incurred. In 2020/21, these costs totaled \$102,045. It is estimated that the remaining transfer costs will not exceed the \$674,310 balance in the Employee Pension Reserve.

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

The PSSP was 97.9% funded with a funding shortfall of \$156,497,000 as at December 31, 2020 on a going concern basis. Contributions to the Plan are required by both the employer and its employees. Total MODL employer contributions for 2020-2021 were \$259,407 and are recognized as an expense in that period.

13. Employee Benefits (continued)

(b) Employee Future Benefit Obligations

Management’s estimates of employee future benefit obligations represent future liabilities of the Municipality to its employees for benefits earned but not taken as at March 31, 2021 and consist of the following:

	2021		2020	
	Actual		Actual	Net Change
Accrued sick leave	\$ 60,000	\$	64,600	\$ (4,600)
Service awards	20,400		19,800	600
Vacation pay	378,105		248,417	129,687
	\$ 458,505	\$	332,817	\$ 125,687

Sick leave is accumulated at a rate of 1 ½ days per month to a maximum of 100 days. This benefit is not paid out upon retirement. Service Awards are recognition awards for permanent full-time employees. Employees are compensated based on achieving certain years of service milestones. Awards range from \$300 to \$2,100 for 5 years to 35 years of service.

(i) Vacation

Vacation pay reflects the value of vacation earned during the year but not taken as at the year end.

(ii) Service Awards

Service awards reflect the value of cash awards for long service employees but not taken at year end.

The Municipality has no material unfunded post-employment benefit obligations.

(iii) Accrued Sick Leave

The Municipality’s estimated sick leave entitlements for 2020-21 are \$60,000 (\$64,600 – 2019-20) based on an estimate of sick leave credit drawdown history.

In lieu of a short-term disability plan, the Municipality has a sick leave policy that allows employees to earn sick leave credits based on time worked.

The accrued sick leave is an estimate of the sick leave credits that may be used in future years, based on past experience.

14. Consolidated Expenditures by Object – Municipal Operations

The following is a summary reclassification by object of the consolidated expenditures as reported in the supplementary financial information.

	2021	2020
	Actual	Actual
Salaries, benefits & other personnel costs	\$ 5,046,379	\$ 4,326,718
Long-term interest charges	119,915	217,566
Materials, outsourced and other	9,424,512	8,872,990
Amortization	1,976,814	1,441,062
Utilities	553,596	558,073
Rents	1,409	1,024
Grants (note 16b)	783,684	558,203
Fire Area Rates	3,437,239	3,391,766
Policing and corrections	3,389,401	3,318,568
Contributions to Boards and Agencies (note 2)	-	-
Reduced taxes	175,246	170,240
Total consolidated statement of operations expenditures	<u>\$ 24,908,195</u>	<u>\$ 22,856,210</u>



15. Government Transfers

- (a) The Municipality receives grants, subsidies and contributions from provincial and federal governments for general purposes, to finance specific program expenditures and to finance capital expenditures. These 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, except when and to the extent that stipulations associated with the transfer give rise to a liability. If a liability is created, the satisfaction the transfer stipulations by the Municipality determines the timing of the recognition of the transfer as revenue.
- (b) The Municipality makes discretionary disbursements to individuals, institutions, and agencies. These payments are recorded as grants to organizations and individuals in the consolidated statement of financing activities to the extent that the payments meet the accrual basis of accounting. Amounts paid for Canada Pension Plan are not reported as government transfers. During 2021 fiscal year the Municipality issued payments as government transfers as follows:

	2021		2020
	Budget	Actual	Actual
Grants to fire departments	\$ 204,800	\$ 204,616	\$ 193,715
Grants to agencies and institutions	715,900	487,910	340,488
	\$ 920,700	\$ 692,526	\$ 534,203

16. Municipal Joint Services Board (“MJSB”)

As outlined in note 12(f), the Municipal Joint Services Board was incorporated under Section 60 of the Municipal Government Act and began operations on April 1, 2013. The MJSB operates the Lunenburg Regional Community Recycling Centre (“LRCRC”) and identifies opportunities for increased sharing of services among partner Municipalities. Information Technology management is the first shared service to be identified and implemented.

The Capital and Operating budgets of the MJSB are subject to annual approval of at least two of the three partners representing at least 51% of the interest. The Council of each partner are responsible to guarantee any capital borrowings required to implement the annual capital budget.

The costs for the LRCRC are shared by its partners based on a cost sharing formula for metric tonnage received at the facility. Tipping fees are approved by Councils as part of the Operating and Capital Budget process.

16. Municipal Joint Services Board (“MJSB”) (continued)

The District of Lunenburg had the following related party transactions with the MJSB:

	<u>2021</u>	<u>2020</u>
Tipping fee payments & monitoring	\$ 1,265,524	\$ 1,283,519
IT Services	279,859	185,500
HR Services	21,177	49,155
Payable for landfill closure and post closure costs	408,830	408,830

The MJSB is accounted for as a portfolio investment in MODL’s Consolidated Financial Statements as 61.95% of the MJSB April 1, 2013 total equity of \$5,695,933, which equates to MODL portfolio investment of \$3,528,630.

17. Financial Instruments

The Municipality’s financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. Due to the current low levels of market interest rates, it is management’s opinion that the Municipality is not currently exposed to significant interest risks arising from these financial instruments.

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 is subject to interest rate risk if the interest rate were to drop below current levels; the majority of its cash balances are invested in deposits that pay interest based on current market interest rates. The Municipality does not use derivative financial instruments to alter effects of this risk.

The Municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

All financial instruments are carried at approximate fair value unless otherwise noted.

18. Remuneration of Elected Officials and Chief Administrative Officer

	Remuneration		Expense Claims		Totals	
	2021	2020	2021	2020	2021	2020
Mayor Carolyn Bolivar-Getson	\$ 59,606	\$ 58,546	\$ 3,415	\$ 11,880	\$ 63,021	\$ 70,426
Councillor/Deputy Mayor Cathy Moore	29,676	35,599	1,710	4,485	31,386	40,084
Councillor/Deputy Mayor Martin Bell	33,852	29,149	963	3,964	34,815	33,113
Councillor Wade Carver	17,510	29,149	-	1,730	17,510	30,879
Councillor Michael Ernst	17,510	29,149	-	1,023	17,510	30,172
Councillor Claudette Garland	17,510	29,149	(1,007)	3,450	16,503	32,599
Councillor Michelle Greek	12,166	-	1,664	-	13,830	-
Councillor Leitha Haysom	12,166	-	1,421	-	13,587	-
Councillor Pamela Hubley	12,166	-	1,502	-	13,668	-
Councillor Eric Hustvedt	23,816	33,195	658	7,747	24,474	40,942
Councillor Errol Knickle	17,510	29,149	(65)	1,053	17,445	30,202
Councillor Lee Nauss	17,510	29,149	(65)	2,193	17,445	31,342
Councillor Wendy Oickle	12,166	-	955	-	13,121	-
Councillor Kathryn Petersen Delong	12,166	-	1,816	-	13,982	-
Councillor Sandra Statton	12,166	-	899	-	13,065	-
Councillor John Veinot	17,510	29,149	-	811	17,510	29,960
Councillor Chasidy Veinotte	12,166	-	1,514	-	13,680	-
Councillor Reid Whynot	29,676	29,149	651	5,179	30,327	34,328
	366,848	360,532	16,034	43,515	382,882	404,047
Chief Administrative Officer(s)	152,316	112,425	5,180	12,462	157,496	124,887
	\$ 519,164	\$ 472,957	\$ 21,213	\$ 55,977	\$ 540,376	\$ 528,934

18. (a) Hospitality Expenses

Hospitality expenses are incurred while hosting individuals from outside of the municipality for business purposes including receptions , ceremonies, conferences, business meetings, performances or other group events. The offering of hospitality is done in such a manner to reflect the prudent stewardship of public funds.

The Municipality spent \$0 for hospitality in 2020-21 (\$0 in 2019-20).

19. Area Rates	2021	2020
	Actual	Actual
Balance, beginning of year	\$ (377,023)	\$ (289,957)
Rates levied		
Fire protection	3,482,292	3,390,879
Street lighting	138,278	148,551
Hydrant charges	56,091	62,247
Sewer	367,732	596,433
	<u>3,667,369</u>	<u>3,908,153</u>
Services provided in current year		
Fire protection payments	3,437,239	3,391,766
Street lighting	145,978	145,389
Hydrant charges	62,978	58,171
	<u>3,646,195</u>	<u>3,595,326</u>
Sewer		
Collection and disposal systems	612,498	514,850
Transfer to restricted reserve surplus	175,000	175,000
Total sewer	<u>787,498</u>	<u>689,850</u>
	<u>4,433,693</u>	<u>4,285,176</u>
Balance, end of year	\$ (766,324)	\$ (377,023)



19. Area Rates (continued)	Balance, beginning of year	Rates levied for current year	Total	Services Provided in current year	Balance, end of year
Fire protection					
Big Tancook Island	\$ (20)	\$ 15,777	\$ 15,757	\$ 15,004	\$ 753
Blockhouse	(104)	146,389	146,285	144,730	1,555
Conquerall Bank	(25)	95,419	95,394	94,446	948
Cornwall	(42)	102,327	102,285	100,734	1,550
Dayspring and District	(91)	178,334	178,243	176,774	1,469
District No. 1 Fire Protection	(158)	306,227	306,069	305,229	840
Hebb's Cross	(42)	67,382	67,340	66,032	1,308
Hebbville	(42)	151,121	151,079	148,199	2,880
Hemford and District	(20)	54,730	54,710	53,764	946
Indian Point	(5)	41,186	41,181	40,390	791
Italy Cross	(50)	87,484	87,434	86,024	1,410
LaHave and District	108	188,759	188,867	187,221	1,646
Lapland and District	(45)	43,937	43,892	43,220	672
Maders Cove	(22)	64,467	64,445	64,467	(22)
Martins River	(93)	112,074	111,981	111,057	924
Midville and District	(20)	73,972	73,952	72,734	1,218
New Germany	(42)	261,206	261,164	258,742	2,421
Northfield	(48)	340,039	339,991	325,543	14,448
Oakhill	(48)	171,250	171,202	170,144	1,058
Oakland/Clearland	-	90,665	90,665	90,480	185
Petite Riviere & Crousetown	(45)	102,797	102,752	101,787	965
Pleasantville	162	93,827	93,989	93,319	670
Riverport	46	355,912	355,958	353,941	2,017
Tri-District ¹	(95)	166,339	166,244	164,784	1,461
United Communities	(48)	76,036	75,988	74,980	1,007
Walden	(20)	17,239	17,219	16,351	868
Wileville	106	77,397	77,503	77,142	360
	(703)	3,482,292	3,481,589	3,437,239	44,350
Hydrants	3,949	56,091	60,040	62,978	(2,938)
Sewer services	(290,295)	367,732	77,437	787,498	(710,061)
Street lighting	(89,975)	138,278	48,303	145,978	(97,675)
	\$ (377,023)	\$ 4,044,392	\$ 3,667,368	\$ 4,433,693	\$ (766,325)

Note 1 - Tri-District is the combination of Baker's Settlement, Chelsea and Newcombsville Departments.

20. Operating Reserve Details

	Balance, beginning of year	Interest on Savings	Transfer (to) from Other Funds	Other	Balance end of year
Roads	\$ 224,400	\$ -	\$ 25,000	\$ -	\$ 249,400
Surveying	17,202		-		17,202
General Operations	10,379,969		1,483,480		11,863,449
Election	113,000		(113,000)		-
Open Space Strategic Plan	222,482		41,855		264,337
Employee Contingency	776,356		(102,045)		674,310
Depreciation Reserve	6,452,791		(4,689,314)		1,763,477
PACE - Clean Energy Financing	(87,401)		10,665		(76,737)
Restricted To Area Rates (Sewer)	1,749,092		157,334		1,906,426
Transit Study	43,364		-		43,364
LCLC Operating Reserve	26,994		-		26,994
Indian Path	833		-		833
Pro Kids	30,579		16,234		46,813
Hirtles Beach	2,638		-		2,638
CES-CEF	119,270		25,000		144,270
Safe Restart Grant	-		810,418		810,418
SNSMR Grant	42,000		-		42,000
	\$ 20,113,568	\$ -	\$ (2,334,373)	\$ -	\$ 17,779,195

21. Capital Reserve Details

	Balance, beginning of year	Interest	Net transfers from (to) other funds	Other	Balance end of year
Land development - Saw Pit	\$ 6,276	\$ -	\$ -	\$ -	\$ 6,276
Landfill Site Closure	864,205	9,720	(24,307)		849,618
Land Sales	65,861		286,661		352,522
Recreation complex depreciation	476,910	5,364	(150,000)		332,274
Sherbroke Lake	200,000				200,000
Trails	6,245				6,245
Lift station replacement	537				537
Gas tax revenue	3,900,849	31,444	(1,866,032)		2,066,261
Open space	190,154		(182,467)		7,687
User connection fees	30,427		1,385		31,812
Aerated Carts	690		-		690
District General Capital	-		28,000		28,000
	\$ 5,742,154	\$ 46,528	\$ (1,906,760)	\$ -	\$ 3,881,922

**Municipality of the District of Lunenburg
Consolidated Schedule of Segment Disclosure
For the Year Ended March 31, 2021**

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22.							<u>Consolidated</u>	
	<u>Protective Services</u>	<u>Engineering Services & Streets & Roads</u>	<u>Environmental Health</u>	<u>Planning and Economic Development</u>	<u>Recreation, Cultural & Education</u>	<u>Administration and Other</u>	<u>2021</u>	<u>2020</u>
Revenues								
Property taxes	\$ 3,538,383	\$ 138,278	\$ 367,732	-	-	\$ 18,173,040	\$ 22,217,433	\$ 21,001,517
Grants in lieu of taxes	-	-	-	-	-	203,872	203,872	206,395
Services provided to other governments	66,308	-	-	-	-	-	66,308	49,026
Other revenue from own sources	72,163	550	1,081,545	529,260	1,092,923	541,118	3,317,559	4,507,810
Unconditional transfers from other govts	-	-	-	-	-	90,670	90,670	87,017
Conditional transfers from other govts	-	33,480	1,515,693	47,373	1,681,817	1,152,604	4,430,967	3,992,173
	<u>3,676,853</u>	<u>172,308</u>	<u>2,964,970</u>	<u>576,633</u>	<u>2,774,740</u>	<u>20,161,305</u>	<u>30,326,808</u>	<u>29,843,938</u>
Expenditures								
Salaries, benefits & other personnel costs	535,481	381,619	1,593	838,962	1,085,684	2,203,039	5,046,379	4,326,718
Interest	-	-	7,104	52,464	54,962	5,386	119,915	217,566
Materials, outsources and other operating	94,959	2,456,679	3,273,425	484,974	1,178,199	1,936,275	9,424,512	8,872,990
Amortization	-	291,174	908,431	133,532	625,566	18,111	1,976,814	1,441,062
Utilities	68,929	145,978	107,060	-	193,802	37,828	553,596	558,073
Rents	1,340	-	-	69	-	-	1,409	1,024
Grants	273,830	-	21,944	-	-	487,910	783,684	558,203
Fire area rates	3,437,239	-	-	-	-	-	3,437,239	3,391,766
Policing and corrections	3,389,401	-	-	-	-	-	3,389,401	3,318,568
Contributions to boards and agencies	-	-	-	-	-	-	-	-
Reduced taxes	-	-	-	-	-	175,246	175,246	170,240
	<u>7,801,180</u>	<u>3,275,450</u>	<u>4,319,558</u>	<u>1,510,000</u>	<u>3,138,212</u>	<u>4,863,795</u>	<u>24,908,195</u>	<u>22,856,209</u>
Annual surplus (Deficit)	\$ (4,124,327)	\$ (3,103,142)	\$ (1,354,588)	\$ (933,367)	\$ (363,472)	\$ 15,297,510	\$ 5,418,613	\$ 6,987,727

23. Segmented Information

The Municipality of the District of Lunenburg (MODL) is a diversified municipal government that provides a wide range of services to its citizens. For management reporting purposes, the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Functional activities of certain departments have been separately disclosed in the segmented information to identify key areas of accountability:

(a) Protective Services

Police, Fire, Inspections, Animal Control and Regional Emergency Measures Services.

The Municipality's policing services are under contract to the Royal Canadian Mounted Police. Fire Services are provided by twenty-seven volunteer fire departments. A fire services coordinator is provided through the Municipal administration office. Regional Emergency Measures services are governed by a joint inter-municipal service agreement between MODL and the Municipality of the District of Chester, and the Towns of Mahone Bay, Bridgewater, and Lunenburg. The planning department manages certain areas of protective services such as building and fire inspections. This department ensures an acceptable quality of building construction and maintenance through enforcement of fire regulations and construction codes for the protection of occupants.

(b) Engineering Services, Streets and Roads

The Engineering department is responsible for the delivery of Municipal Public Works services related to the planning, development and maintenance of municipal roads, street lighting, solid waste collection and disposal, and waste water.

(c) Waste Management

The collection of residential waste is through an independent contractor. MODL operates the Lunenburg Regional Community Recycling Centre through an Inter-Municipal Joint Services agreement with the Towns of Bridgewater and Mahone Bay.

(d) Sewers

The District maintains wastewater collection and treatment systems located in New Germany, Hebbville, Conquerall Bank and Cookville.

23. Segmented Information (continued)

(e) Planning and Economic Development

The Planning department facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of zoning by-laws, and the processing of building permit applications. MODL also maintains an industrial building and leases space to the Canadian Reserve – Canadian Engineering Squadron. The Economic Development department assists in the development of a long-term perspective and plans for economic development opportunities within MODL. In addition, debt costs associated with long term loans for infrastructure related to economic development are included in this section.

(f) Recreation and Culture

The Recreation department provides services that contribute to neighborhood development and sustainability through the provision of recreation and leisure services. This department assists in the implementation of MODL’s Open Space Strategy and facilitates recreational partnerships with other levels of government. This segment also includes external transfers to the South Shore Regional Library.

Certain allocation methodologies are employed in the preparation of segmented financial information. The General Operating fund reports on Municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to operating fund segment activities based on the segment’s net operating deficit.

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.

24. Accumulated Surplus

	2021	2020
	Actual	Actual
Operating fund (schedule 1)	\$ -	\$ -
Capital fund (schedule 2)	38,016,207	27,908,880
Reserve fund (schedule 3)	21,661,117	25,855,722
Municipal Joint Service Board (note 16)	3,528,630	3,528,630
LCMPCC (note 3d)	14,528,914	15,023,022
	\$ 77,734,868	\$ 72,316,255

25. Comparative Figures

Certain 2020 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2021.

26. COVID -19

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, social and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Municipality in future periods

27. Subsequent Events

Sale of Municipal Administration Building

At the time these statements were prepared, the existing Municipal Services Building was actively on the market for sale. The asking price is \$669,000. At March 31, 2021 the undepreciated capital cost of the building was adjusted from \$442,695 to \$425,288 to reflect the actual sale price. The building was sold on June 15, 2021.

Municipality of the District of Lunenburg
Schedule of Operating Financial Position
Schedule 1
For the Year Ended March 31, 2021

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	2021	2020
	Actual	Actual
Financial Assets		
Cash and cash equivalents (note 4)	\$ 7,272,727	\$ 16,861,684
Taxes receivable (net of asset valuation allowances) (note 5)	1,352,491	1,649,601
Loan receivables (net of asset valuation allowances)	75,208	85,873
Due from other funds and consolidated entities	4,972,604	271,221
Other receivables (net of asset valuation allowances)	535,134	224,922
	14,208,165	19,093,302
Liabilities		
Accounts payable and accrued liabilities	2,502,204	2,201,165
Other liabilities		
Due to other funds and consolidated entities	8,770,054	14,666,243
Employee benefit obligations (note 13b)	458,505	332,817
Other liabilities	2,596,301	2,030,735
	14,327,064	19,230,959
Net Financial Assets	(118,899)	(137,658)
Non-Financial Assets		
Prepaid expenses	118,899	137,658
Accumulated Surplus	\$ -	\$ -

Municipality of the District of Lunenburg
Schedule of Operating Fund Financial Activities and change in Fund Balances
Schedule 1-1
For the Year Ended March 31, 2021

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	2021		2020
	Budget	Actual	Actual
Revenues			
Assessable property taxes	\$ 29,489,600	\$ 31,079,983	\$ 29,630,192
Expenditures as a reduction of tax revenue			
Appropriation to regional school board	(8,401,600)	(8,401,602)	(8,143,605)
Transfer to correctional services	(431,800)	(431,801)	(433,536)
Deficit of Regional Housing Authority	(35,000)	(29,148)	(51,535)
Net Assessable property taxes	<u>20,621,200</u>	<u>22,217,433</u>	<u>21,001,517</u>
Grants in lieu of taxes	203,200	203,872	206,395
Services provided to other governments	81,300	66,308	49,026
Other revenue from own sources	1,210,300	1,084,600	3,088,194
Unconditional transfers from other governments	88,300	90,670	87,017
Conditional transfers from other governments	103,300	1,608,589	141,406
Total Revenues	<u>22,307,600</u>	<u>25,271,472</u>	<u>24,573,557</u>
Expenditures			
General government services	5,879,200	4,493,167	4,048,757
Protective services	7,985,400	7,801,180	7,627,132
Transportation services	3,404,300	2,984,276	2,504,445
Environmental health services	3,192,100	3,034,556	3,249,680
Public health services	-	-	0
Environmental development services	2,585,900	1,376,468	1,283,643
Recreation and cultural services	2,150,200	2,096,767	1,637,202
Total Expenditures	<u>25,197,100</u>	<u>21,786,414</u>	<u>20,350,860</u>
Annual Operating Surplus	(2,889,500)	3,485,057	4,222,696
Financing and Transfers			
Debenture and term loan principal instalments	(2,224,900)	(2,224,847)	(999,848)
Transfers from (to) own reserves, fund and agencies	5,114,400	1,510,552	98,242
Change in Surplus after Financing & Transfers	<u>-</u>	<u>2,770,763</u>	<u>3,321,090</u>
Accumulated Surplus, Beginning of Year	<u>-</u>	<u>-</u>	<u>2,567,854</u>
Transfer Surplus to Operating Reserve	<u>-</u>	<u>(2,770,763)</u>	<u>(5,888,944)</u>
Accumulated Surplus, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Municipality of the District of Lunenburg
Schedule of Capital Fund Financial Position
Schedule 2
For the Year Ended March 31, 2021

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	2021	2020
	Actual	Actual
Financial Assets		
Cash	\$ -	\$ -
Receivables (net of asset valuation allowances)	1,458,736	749,088
Loan Receivables	802,402	498,255
Due from other funds	5,524,768	3,646,299
Assets held for resale	425,288	442,695
	8,211,194	5,336,337
Liabilities		
Bank overdraft	\$ 912,878	2,584,799
Payables	822,925	1,407,512
Due to other funds	4,972,604	-
Long-term debt (note 9a)	640,000	2,864,847
Other liabilities	1,106,103	1,614,589
	8,454,511	8,471,747
Net Debt	(243,317)	(3,135,410)
Non-Financial Assets		
Tangible capital assets (net of accumulated amortization) (note 10)	38,259,523	31,044,290
Net Assets	\$ 38,016,207	\$ 27,908,880



Municipality of the District of Lunenburg
Schedule of Capital Fund Financial Activities and Change in Fund Balances
Schedule 2-1
For the Year Ended March 31, 2021

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	2021		2020
	Budget	Actual	Actual
Revenue			
Capital Contributions			
From federal and provincial governments	\$ 2,552,000	\$ 1,578,779	\$ 1,247,344
Gas Tax	1,141,000	1,112,740	2,352,655
From other municipal governments	-	(190)	-
Sundry	274,200	1,925,332	918,556
Gain on sale of assets	-	10,593	-
Total Revenue	3,967,200	4,627,254	4,518,556
Expenditures			
Write off of assets	-	352,517	-
Transfer to LCCF Trust	-	376,571	312,461
Change in Landfill Closure Liability	-	-	-
Change in Riveport School Liability	-	-	-
	-	729,088	312,461
Annual Capital Surplus	3,967,200	3,898,166	4,206,095
Financing and Transfers			
Amortization	(850,000)	(1,470,502)	(934,528)
Loan payments from operating fund	2,224,900	2,224,847	999,848
Transfers from own reserves, funds	6,990,900	5,454,815	3,081,132
	8,365,800	6,209,161	3,146,452
Change in Fund Balance	12,333,000	10,107,327	7,352,547
Beginning Balance	27,908,880	27,908,880	20,556,333
Ending Balance	\$ 40,241,880	\$ 38,016,207	\$ 27,908,880

Municipality of the District of Lunenburg
 Schedule of Reserve Fund Financial Position
 Schedule 3
 For the Year Ended March 31, 2021

	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
Financial assets		
Cash and cash equivalents (note 4)	\$ 18,741,780	\$ 15,278,865
Due from other funds	<u>10,945,184</u>	<u>14,443,991</u>
	<u><u>29,686,963</u></u>	<u><u>29,722,856</u></u>
Liabilities and Fund Balance		
Due to other funds	<u>8,025,844</u>	<u>3,867,132</u>
Net Financial Assets	<u><u>21,661,117</u></u>	<u><u>25,855,722</u></u>
Fund Balance		
Capital	3,881,922	5,742,154
Operating	<u>17,779,195</u>	<u>20,113,569</u>
	<u><u>\$ 21,661,117</u></u>	<u><u>\$ 25,855,722</u></u>

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Municipality of the District of Lunenburg
 Schedule of Reserve Fund Financial Activities and Change in Fund Balances
 Schedule 3-1
 For the Year Ended March 31, 2021

A- 45

	Capital Reserve Actual	Operating Reserve Actual	2021 Actual	2020 Actual
Revenue				
Interest on savings	\$ 46,528	\$ -	\$ 46,528	\$ 120,963
Total Revenue	<u>46,528</u>	<u>-</u>	<u>46,528</u>	<u>120,963</u>
Expenditures				
Municipalities & other	-	-	-	-
Annual Reserve Surplus	<u>46,528</u>	<u>-</u>	<u>46,528</u>	<u>120,963</u>
Financing and Transfers				
Transfers (from) to own				
Capital Fund & Operating Fund	(1,906,760)	(5,105,136)	(7,011,896)	(3,300,337)
Operating Surplus Transfer	-	2,770,763	2,770,763	5,888,944
	<u>(1,906,760)</u>	<u>(2,334,373)</u>	<u>(4,241,133)</u>	<u>2,588,607</u>
Change in Fund Balance	<u>(1,860,232)</u>	<u>(2,334,373)</u>	<u>(4,194,605)</u>	<u>2,709,570</u>
Beginning Balance	<u>5,742,154</u>	<u>20,113,569</u>	<u>25,855,722</u>	<u>23,146,152</u>
Ending Balance	<u>\$ 3,881,922</u>	<u>\$ 17,779,197</u>	<u>\$ 21,661,117</u>	<u>\$ 25,855,722</u>

Municipality of the District of Lunenburg
 Schedule of Tax Sale Account Assets, Liabilities and Operations
 Schedule 4
 For the Year Ended March 31, 2021

Schedule of Tax Sale Account - Assets and Liabilities

	2021	2020
	Actual	Actual
Financial Assets		
Cash and cash equivalents	<u>\$ 1,666,267</u>	<u>\$ 1,120,681</u>
Tax Sale Surplus Liability	<u>\$ 1,666,267</u>	<u>\$ 1,120,681</u>

Schedule of Tax Sale Operations

	2021	2020
	Actual	Actual
Revenue		
Tax Sale Surplus funds received	\$ -	\$ -
Expenses		
Tax Sale Surplus payments	545,585	219,712
Change in Tax Sale Surplus	545,585	219,712
Beginning Tax Sale Surplus	<u>1,120,681</u>	<u>900,968</u>
Ending Tax Sale Surplus	<u>\$ 1,666,267</u>	<u>\$ 1,120,681</u>



MUNICIPALITY OF THE DISTRICT OF LUNENBURG

TRUST FUNDS

FINANCIAL STATEMENTS

MARCH 31, 2021

DRAFT



**10 Allée Champlain Drive
Cookville, NS
B4V 9E4**

Independent Auditor’s Report B-1a, 1b

Statement of Financial Position B2

Notes to Financial Statements B3-B5

DRAFT



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INDEPENDENT AUDITOR'S REPORT

To the Council of The Municipality of the District of Lunenburg Trust Fund

Opinion

We have audited the financial statements of The Municipality of the District of Lunenburg Trust Fund (the Trust), which comprise the statement of financial position as at March 31, 2021, and the statement of revenues and expenditures 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 Trust as at March 31, 2021, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Trust 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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:

Independent Auditor's Report to the Council of The Municipality of the District of Lunenburg Trust Fund
(continued)

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

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



CHARTERED PROFESSIONAL ACCOUNTANTS

Bridgewater, Nova Scotia
September 14, 2021

Municipality of the District of Lunenburg
Trust Funds
Statement of Financial Position
For the Year Ended March 31, 2021

B-2

STATEMENT OF TRUST FUNDS RESERVES

	Burial Funds	School Lands	LCCF	March 31	
				2021 Actual	2020 Actual
Assets					
Cash	\$ 3,010	\$ 26,227	\$ 503,170	532,407	\$ 29,530
Due from the District of Lunenburg	34	295	382,177	382,505	503,482
	<u>\$ 3,044</u>	<u>\$ 26,521</u>	<u>\$ 885,347</u>	<u>\$ 914,912</u>	<u>\$ 533,012</u>
Liabilities					
Due to the District of Lunenburg	\$ -	\$ -	\$ 9,905	9,905	4,299
Accounts payable - schools	-	295	-	295	605
Reserves					
Trust funds reserves	3,044	26,227	875,442	904,713	528,108
Reserves and Liabilities	<u>\$ 3,044</u>	<u>\$ 26,521</u>	<u>\$ 885,347</u>	<u>\$ 914,912</u>	<u>\$ 533,012</u>

	(note 3) Burial Funds	(note 4) School Lands	(note 5) LCCF	Year Ended March 31	
				2021 Actual	2020 Actual
Reserves Detail					
Balance, beginning of year	\$ 3,010	\$ 26,227	\$ 498,871	\$ 528,108	\$ 215,579
Interest received on trust accounts	34	295	5,606	5,934	4,972
Funds received in trust	-	-	376,571	376,571	312,461
	<u>3,044</u>	<u>26,521</u>	<u>881,048</u>	<u>910,613</u>	<u>533,012</u>
Trust expenses	-	295	5,606	5,901	4,904
	<u>-</u>	<u>295</u>	<u>5,606</u>	<u>5,901</u>	<u>4,904</u>
Balance, end of year	<u>\$ 3,044</u>	<u>\$ 26,227</u>	<u>\$ 875,442</u>	<u>\$ 904,713</u>	<u>\$ 528,108</u>

On behalf of the Municipality of the District of Lunenburg

Mayor

CAO

1. Purpose of Trust

Trusts under administration by the Municipality of the District of Lunenburg.

2. Significant accounting policies

Basis of presentation

The Trust's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Trust may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Trust's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Subsequent measurement

At each reporting date, the Trust measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets). With respect to financial assets measured at amortized cost, the Trust assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Trust determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, social and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Municipality in future periods.

Revenue recognition

Contributions

The Trust follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. 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.

Interest income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Interest income is recognized on a time apportionment basis.

3. Burial Funds

	2021	2020
	Actual	Actual
Distribution of funds		
Conrad, Ray	\$ 1,735	\$ 1,716
Smith, Everette	803	794
Wagner, Willis	506	500
	<u>\$ 3,044</u>	<u>\$ 3,010</u>

4. School Lands

The Municipality of the District of Lunenburg is holding in trust a total of \$26,227 which represents the Municipality's interest. The interest earned annually is held for distribution of funds to pay for book purchases for New Germany Rural High School and Park View Education Centre.

Trust Funds

Notes to Financial Statements

For the Year Ended March 31, 2021

5. Lunenburg County Community Fund

The Municipality of the District of Lunenburg (MODL) is holding a trust fund in the amount of \$875,442 for the Lunenburg County Community Fund (LCCF). The LCCF has committed \$1,000,000 towards the cost of the LaHave River Straight Pipe Replacement Program. As per a Memorandum of Understanding between MODL and the LCCF, homeowner payments made under the program will be transferred to a Trust Fund. This Trust Fund can then be used towards other mutually agreed upon projects.

	2021	2020
	<u>Actual</u>	<u>Actual</u>
Balance, beginning of year	\$ 498,871	\$ 186,410
Homeowner payments	<u>376,571</u>	312,461
Balance, end of year	<u>\$ 875,442</u>	<u>\$ 498,871</u>

September 14, 2021

Mayor Carolyn Bolivar-Getson and Council
Municipality of the District of Lunenburg
10 Allée Champlain Drive
Cookville, Nova Scotia B4V 9E4

Audit Committee
September 14, 2021
Item: 5
Authorization: E. Wentzell

Dear Mayor Bolivar-Getson:

In connection with the audit of the Municipality of the District of Lunenburg (the “Municipality”) financial statements for the year March 31, 2021 then ended, the Canadian Auditing Standards require that we advise management and the audit committee (hereinafter referred to as “those charged with governance”) of the following internal control matters identified during our audit.

Our responsibilities

Our responsibilities, as prescribed by the Canadian Auditing Standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. An audit includes consideration of internal control over financial reporting (hereinafter referred to as “internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of identifying deficiencies in internal control or expressing an opinion on the effectiveness of the Municipality’s internal control.

US Dollar Bank account and accepting USD payments

The Municipality at the time of the audit did not have a policy for accepting US Dollars as payment for invoices. Historically these payments were deposited directly to the Canadian bank account with an exchange adjustment at the time of payment. With your new bank a US dollar bank account has been set up that can receive payments in US dollars. We have identified several areas of risk associated with this process below

- What exchange rate is the customer provided? Exchange at date of payment or exchange at time the money is moved to the Canadian account?
- Who is responsible for transferring the money to the Canadian account and on what timeline?

We recommend a policy be drafted to make it clear to customers and staff the procedures and accounting of US dollar payments.

We recommend a policy be drafted to make it clear to customers and staff the procedures and accounting of US dollar payments.

Management Response:

An Operating Procedure has been developed to formalize the handling of all types of payments including USD payments. This Procedure has been approved by the CAO and has been distributed to counter and other relevant staff.

Yours very truly,



Paul F. Belliveau, FCPA, FCA
Partner

PFB/dmc

cc Tom MacEwan – Chief Administrative Officer
Elana Wentzell – Director of Financial Services & Municipal Treasurer
Department of Municipal Affairs

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September 14, 2021

Mayor Carolyn Bolivar-Getson and Council
Municipality of the District of Lunenburg
10 Allée Champlain Drive
Cookville, Nova Scotia B4V 9E4

Audit Committee
September 14, 2021
Item: 6
Authorization: E. Wentzell

Dear Mayor Bolivar-Getson:

We have completed our audit of the Municipality of the District of Lunenburg for the year ended March 31, 2021. We wish to provide you with the following comments.

During our audit process we do make enquiries of management to determine if they are aware of any fraudulent or illegal acts carried on by any of the Municipal employees. Management advised us they were not aware of any such acts.

We have performed tests to determine if controls are being effectively carried out, such as ensuring proper rates are charged for taxes, that paid invoices are properly authorized and approved, employees are paid approved rates, etc. In the current year tests were also focused on periods when staff may have been working remotely and how procedures were followed or adapted during this time. Management was vigilant in addressing any issues as they came up, and contacting us as the auditor to discuss potential controls or solutions to risks during this time.

As part of our audit procedures, we review insurance documents for appropriate coverage, update for new or scrapped assets, and new risk factors. It was noted that cyber insurance is not a part of your insurance policy. Through discussion with the Director of Financial Services it was indicated that the Municipality is in the process of reviewing quotes for cyber insurance. We encourage the Municipality to put this coverage in place as soon as possible, the potential financial and operational costs of an attack can be significant.

The primary purpose of our examination is to enable us to form an opinion on the consolidated financial statements of the Municipality of the District of Lunenburg for the year ended March 31, 2021. We reviewed and tested the Municipality's financial system and related accounting controls to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Our study and evaluation with respect to these financial systems was not designed for the purpose of expressing an opinion on the internal accounting control, and it would not necessarily disclose all weaknesses in the system.

Municipality of the District of Lunenburg

September 14, 2021

Page 2

We would like to acknowledge staff and management's effort throughout the audit. Staff was courteous and helpful in retrieving all information requested and provided detailed explanations for all questions asked.

If you have any questions regarding any of the items listed above, please do not hesitate to contact our office.

Yours very truly,

Paul F. Belliveau, FCPA, FCA
Partner

PFB/kc

cc Tom MacEwan – Chief Administrative Officer
Elana Wentzell – Director of Financial Services & Municipal Treasurer
Department of Municipal Affairs

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