

Municipal Council Meeting AGENDA

Tuesday, September 22, 2020 – 9:00 a.m.

- 1. CALL TO ORDER**
- 2. ANNOUNCEMENTS, ACKNOWLEDGEMENTS, RECOGNITION**
- 3. PUBLIC INPUT (15 Minutes)**
- 4. APPROVAL OF AGENDA (as circulated)**
- 5. APPROVAL OF MINUTES – Special Council – July 28, 2020 and September 10, 2020;
Regular Council - September 8, 2020**
- 6. BUSINESS ARISING FROM MINUTES**
 - 6.1. Postponed Motion re Open Fish Farms in District 8 1
- 7. AWARDING OF TENDERS/RFPs - Nil**
- 8. PRESENTATIONS/SCHEDULED TIMES - Nil**
- 9. CONSIDERATION OF CORRESPONDENCE - Nil**
- 10. RECOMMENDATIONS FROM COMMITTEES & BOARDS**
 - 10.1. Policy & Strategy Committee**
 - 10.1.1. Proposed Amendments to MDL-49 Property Tax Rebate (2) 3-8
 - 10.1.2. Proposed RFP re Transportation Services (2)
- 11. STAFF REPORTS**
 - 11.1. Administration Department**
 - 11.1.1. J. Class Roads re Cost Approval 9-11
 - 11.2. Recreation Department**
 - 11.2.1. Sponsorship Ad Request – Annual Veterans Service Recognition Book 12-14
 - 11.3. Finance Department**
 - 11.3.1. Approval of Consolidated Financial Statements for year end March 31, 2020 15-76
 - 11.4. Planning Department**
 - 11.4.1. Private Road Association Application 77-93
- 12. MAYOR’S/DEPUTY MAYOR’S/COUNCILLORS’ MATTERS**
 - 12.1. Deputy Mayor’s Update
 - 12.2. Mayor’s Update
- 13. ADDED ITEMS**
- 14. IN CAMERA**
- 15. ADJOURNMENT**

12.2 Open Fish Farms in District 8

Mr. Dumaresq declared Conflict of Interest and left the table.

Councillor Ernst reported that the matter of the proposed open fish farms in the Mahone Bay area is an important issue to residents of District 8. He explained that Mahone Bay is a “breeder bay”, meaning the rivers are used by various fish to spawn.

Moved by Councillor Ernst, seconded by Councillor Knickle that Municipal Council not support the development of open pen fish farms in District 8, Mahone Bay, as defined on the attached map, and in District 10.

It was noted that Council does not have enough scientific information in order to make an informed decision on open pen fish farms.

Moved by Deputy Mayor Hustvedt, seconded by Councillor Nauss that the motion on the floor be postponed to a future meeting to allow staff to contact Cermaq to get more pertinent information as to where they are considering sites for the open pen fish farms.

It was noted that the matter should be a municipal wide approach and not restricted to certain districts.

The Motion on the floor to postpone the motion was voted on and carried. Those opposed: Councillors Knickle, Ernst, and Carver.

Mr. Dumaresq returned to the table.

12.2 Deputy Mayor’s Update

Deputy Mayor Hustvedt reported that he attended agenda briefings.

12.3 Mayor’s Update

Mayor Bolivar-Getson reported that she presented to the NSFM where she spoke against the removal of the CAP; advised that the 3rd Annual Lobster Crawl was happening in the area and encouraged everyone to participate in the various events; and met with residents.

13. ADDED ITEMS (Nil)



Municipality of the District of Lunenburg

September 15, 2020

To Her Worship, Mayor Bolivar-Getson, and Councillors
of the Municipality of the District of Lunenburg

Dear Mayor and Councillors:

The Policy & Strategy Committee in session on Tuesday, September 15, 2020, made the following recommendation to Council:

1. That Municipal Council approves the proposed amendments to Policy MDL-49 Property Tax Rebate as follows:

Section 7.1 of Policy MDL-49 be added as follows: "Late applications will be considered only after the regular review of those applicants that submitted an application on time. Late applications will be subject to annual budget constraints as set out in Section 6.2.

2. That Municipal Council recommend that the following motion be put on the next Policy & Strategy Committee agenda:

"that the Municipality of the District of Lunenburg issue a Request for Proposal, open to any non-profit organization, business or municipality to work with MODL to provide a transportation service between the Town of Bridgewater and the Osprey Village area at Exit 12"

Respectfully submitted,

Chairman and Members
Policy & Strategy Committee

/tb
Attachments



Municipality of the District of Lunenburg

MEMORANDUM

TO: Mayor and Municipal Council Members
FROM: Sherry Conrad, Municipal Clerk
DATE: September 22, 2020
RE: **Proposed Amendments to Policy MDL-49 Property Tax Rebate Policy**

The Policy and Strategy Committee, in session on September 15, 2020, reviewed the following proposed amendment to Policy MDL-49 "Property Tax Rebate":

Section 7.1 of Policy MDL-49 be added as follows: "Late applications will be considered only after the regular review of those applicants that submitted an application on time. Late applications will be subject to annual budget constraints as set out in Section 6.2."

The Committee made a motion to recommend the proposed amendment to Council for approval and gave notice to Council of its consideration for approval at its September 22, 2020 Council meeting.

Section 48(1) of the *Municipal Government Act* states, "Before a policy is passed, **amended** or repealed, the Council shall give at least seven days notice to all council members." Therefore, in accordance with Section 48(1), the attached amended Policy MDL-49 "Property Tax Rebate Policy" will be presented for Council's approval at the September 22, 2020 Council session. The Policy and Strategy Committee meeting of September 15, 2020 was hereby considered as Council's notice.

If Council approves of the proposed Policy amendment, the following motion would be necessary.

"That Municipal Council approve the proposed amendment to Policy MDL-49 Property Tax Rebate as follows:

Section 7.1 of Policy MDL-49 be added as follows: Late applications will be considered only after the regular review of those applicants that submitted an application on time. Late applications will be subject to annual budget constraints as set out in Section 6.2."



Sherry Conrad
Municipal Clerk

/sac
Attachments

**Municipality of the District of Lunenburg
PROPOSED POLICY**

Title: Property Tax Rebate Policy	
Policy No. MDL-49	
Effective Date: July 14, 2009	Amended Date: April 14, 2015, Nov. 10, 2015, Jan. 22, 2019, Oct. 22, 2019

The Council of the Municipality of the District of Lunenburg hereby adopts the following Policy respecting the Property Tax Rebate for the purpose for providing compassionate property tax relief for low income property tax payers residing in their own principal residences. **[amended Nov. 10, 2015]**

1. This policy is entitled the "Property Tax Rebate Policy" **[amended Nov. 10, 2015]**.
2. In this Policy:
 - 2.1 Income means a person's total gross income (total income before deductions) from all sources for the calendar year preceding the fiscal year of the Municipality of the District of Lunenburg excluding any allowances paid pursuant to the *War Veterans Allowance Act* (Canada) or Pension paid pursuant to the *Pension Act* (Canada) and includes the income of all assessed owners, their spouse(s), including common law spouses residing at the property and all owners defined in Section 2.2 residing at the property. **[amended Nov. 10, 2015]**
 - 2.2 "Owner" includes:
 - 2.2.1 the person assessed for the property;
 - 2.2.2 a person who holds title including a part owner, joint owner, tenant in common, or joint tenant of the property;
 - 2.2.3 a person having the care or control of the property through adverse possession; and
 - 2.2.4 a person with a life interest in the property.
 - 2.3 "Principal Residence" includes the ordinary place of residence of an owner who is in a hospital or nursing care facility, unless that person has not slept at the property for a period of two (2) years or more, or unless the property has been rented to paying tenants, in either of which events, the property shall be deemed to cease being the owner's ordinary place of residence.
 - 2.4 "Taxes" means residential property taxes and any applicable area rates excluding property improvement charges. **[amended Jan. 22, 2019]**
 - 2.5 "Treasurer" includes persons authorized by the Treasurer.

EXEMPTION

- 3. The Municipality of the District of Lunenburg hereby grants on an annual basis a rebate from taxation, operating as a reduction in the taxes otherwise payable to the Municipality of the District of Lunenburg in respect of a property subject to sections 6 and 7 herein. **[amended April 14, Nov. 10, 2015 & Jan. 22, 2019]**

- 4. The rebate shall only apply to owners who occupy the property as that owner's principal residence. **[amended Nov. 10, 2015]**
 - 4.1 Application may be made on behalf of a deceased property owner if the property owner received the property tax rebate in the previous fiscal year. **[amended Oct. 22, 2019]**

- 5. Where a property is assessed to more than one owner other than persons whose income is included in the calculation of income pursuant to this Policy, any who are entitled to a rebate may receive only the portion of the rebate equal to that person's share of the assessment for the property, but where the different interests are not separate, then to that portion determined by the Treasurer, whose determination is final. **[amended Nov. 10, 2015]**

- 6. Notwithstanding any other provision of this Policy,
 - 6.1 The maximum rebate amount shall be scaled based on income as outlined in the table below:

Household Income	Maximum Rebate value	Maximum percentage of bill
under \$9,999	up to \$500	100%
\$10,000 - \$14,999	up to \$400	100%
\$15,000 - \$19,999	up to \$250	100%
\$20,000 - \$24,999	up to \$150	100%
\$25,000 - \$29,999	up to \$100	100%

[amended April 14, Nov. 10, 2015 & Jan. 22, 2019]

- 6.2 In any fiscal year in which the total rebate value from qualified applicants exceeds the budgeted amount for the tax rebate, the rebate amounts shall be pro-rated to match the budgeted amount. **[amended April 14 & Nov. 10, 2015]**

- 6.3 Council will set the total rebate budget each year by motion. **[amended April 14 & Nov. 10, 2015]**

- 7. In order to be eligible for a rebate, the property owner shall submit to the Treasurer a Statutory Declaration in the form attached hereto by no later than August 1 of the fiscal year, for which the rebate is sought. The required Statutory Declaration contains a statement of income, which must be provided before the application for property tax rebate can be considered. **[amended April 14 & Nov. 10, 2015]**

7.1 Late applications will be considered only after the regular review of those applicants that submitted an application on time. Late applications will be subject to annual budget constraints as set out in Section 6.2.

- 8. The Treasurer may ask for documentary verification if income from any source or confirmation of income from third parties. The Treasurer may reject an application, which in the Treasurer's opinion, is not adequately verified or substantiated. [amended April 14, 2015]

- 9. All decisions made by the Treasurer relating to this Policy and its application are final.

ENFORCEMENT CHARGES NOT EXEMPTED

- 10. Notwithstanding any other provision of this Policy, no rebate is conferred from obligations to remedy unsightly or dangerous premises or any other infractions against a statute, regulation or by-law, whether Municipal, Provincial, or Federal and any charges imposed upon a property arising from enforcement of such provisions shall not be subject to a tax rebate pursuant to this Policy. [amended Nov. 10, 2015]

Clerk's Annotation for Official Policy Book	
Date of Adoption:	<u>July 14, 2009</u>
Date of Notice to Council Members of Intent to Consider Amendments (7 days minimum)	<u>March 24, 2015</u>
Date of Passage of Amendments:	<u>April 14, 2015</u>
Date of Notice to Council Members of Intent to Consider Amendments (7 days minimum)	<u>November 2, 2015</u>
Date of Passage of Amendments:	<u>November 10, 2015</u>
Date of Notice to Council Members of Intent to Consider Amendments (7 days' notice)	<u>January 15, 2019</u>
Date of Passage of Amendments	<u>January 22, 2019</u>
Date of Notice to Council Members of Intent to Consider Amendments (7 days' notice)	<u>October 15, 2019</u>
Date of Passage of Amendments	<u>October 22, 2019</u>
I certify that this " <i>Property Tax Rebate Policy – MDL-49</i> " was adopted and amended by Council as indicated above.	
_____	_____
Municipal Clerk	Date



The Municipality of the District of Lunenburg
Statutory Declaration
Deadline for Applications – August 1, 20_____

I, _____
of (civic address) _____

Assessment Account Number _____ Telephone Number _____

In Municipality of the District of Lunenburg, in the Province of Nova Scotia, do solemnly declare that:

1. I live in the property at the above civic address for which the property tax rebate is being applied. **[amended Nov. 10, 2015]** or I am making application on behalf of a deceased property owner who received the property tax rebate in the prior fiscal year. **[amended Oct. 22, 2019]**
2. The information in the Statement of Income is true and correct.
3. The total income from last year of all owners and their spouse (including common law spouse) living at the property excluding *War Veterans Allowance Act* (Canada) or pension paid pursuant to the *Pension Act* (Canada) is less than \$29,999. **[amended Jan. 22, 2019]**
4. The following are the owners and their spouses (including common law spouses) living on the property:

5. The total income from last year of the persons listed in paragraph 4 is included on the Statement of Income
6. I consent to the Municipality of the District of Lunenburg carrying out such inquiries as it deems necessary in order to assess my claim and I agree that the Municipality of the District of Lunenburg has my authorization and consent to obtain information from any third party source whatsoever and I will execute any necessary documentation required in order to disclose information to the Municipality of the District of Lunenburg.
7. I understand that Municipal Council will determine the actual amount of the rebate for the year after all the applications have been received and reviewed. **[amended Nov. 10, 2015]**

AND I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under my oath and by virtue of the *Canada Evidence Act*.

SOLEMNLY DECLARED

Before me, at _____,
in the County of _____,
and Province of Nova Scotia, this _____, day
of _____, 20 ____.

A Barrister or Commissioner of the Supreme Court
of Nova Scotia, or Mayor; or Councillor (sworn as
a Commissioner), or a Notary Public of the Province
of Nova Scotia

Signature

Signature



Statement of Income

for the calendar year ending December 31, 20 _____.

	Name:	Name:	Total
Employment Income			
Canada Pension Plan Income			
Old Age Security Income			
Guaranteed Income Supplement			
Interest Income (Bank, Bonds, etc)			
Rental Income			
Business Income (specify)			
*Other Pension Income (specify)			
Other Income			
Total Yearly Income			

* Do not include *War Veterans Allowance Act* income or income from the *Pension Act (Canada)*. The *Pension Act (Canada)* is not the Canada Pension Plan or Old Age Security, but it is a Pension for members of the Armed Forces who have been disabled or their dependents.



Municipality of the District of Lunenburg

REQUEST FOR DECISION

REPORT TO: Mayor & Municipal Council

SUBMITTED BY: Tom MacEwan, CAO

DATE: September 22, 2020

RE: J Class Roads

RECOMMENDATION

While it is open to Council to approve some, all, or none of the increased costs for the J Class Roads (listed below), it is recommended that Council continue to take advantage of the cost sharing opportunity and approve the increase in cost sharing amount for the J Class Roads (listed below) as presented by TIR in the amount of \$98,000 with the source of the funds being the AT Account (01-2323012-950) and it is further recommended that Council direct the Mayor to execute the Notice of Approval in the form provided by TIR.

BACKGROUND

Council has provided DTIR with confirmation of its acceptance of the cost estimates for the J Class Roads listed below.

As per section 6.2 of the Cost Share Agreement 2018-015, the Province is required to notify the Municipality in writing of any cost overruns of more than 10% on approved projects for the current fiscal year.

The Province has advised us of the following cost increases:

Road Name	Original Estimate	Tender Amount	New Cost Share Amount	% Over original estimate	Municipality to proceed with project (Y/N – please write in)
Charlie Lane, paving (Regular Funding)	\$390,000	\$437,000	\$218,500	+12.1%	
Cove Road, paving (Regular Funding)	\$150,000	\$173,000	\$86,500	+15.3%	
Pernette Drive, paving (Regular Funding)	\$110,000	\$126,000	\$63,000	+14.5%	

Lohnes Drive, paving (Regular Funding)	\$80,000	\$108,000	\$54,000	+35%	
Hillside Drive, paving (Regular Funding)	\$70,000	\$94,000	\$47,000	+34.3%	
Delong Lane, paving (Regular Funding)	\$50,000	\$66,000	\$33,000	+32%	
Darius Wile Road, paving (Regular Funding)	\$45,000	\$103,000	\$51,500	+128.9%	
Pearl Street, paving (Regular Paving)	\$30,000	\$41,000	\$20,500	+36.7%	

Budget Implications

The original estimate for the above J Class Roads was \$925,000. The tender amount is \$1,148,000 representing an increase of \$223,000 above the cost estimate. The original cost share amount for these roads (based on the original estimates) was \$462,500 and the new cost share amount (based on the tender amount) is \$574,000 representing an increase of \$111,500.

The back portion of Delong Lane was a late addition to the J Class Road paving list (the front portion having been included in the June 10th, 2020 Notice of Acceptance). Staff budgeted \$120,000 for the cost of paving with the municipal share (estimated to be \$60,000) being shared equally (\$30,000) with Ralph Delong & Jim Delong. MODL’s portion (budgeted at \$30,000) was being funded from the Trail Bridge Project Account.

The tender amount for the back portion of Delong Lane (\$66,000) has come in below the amount that we budgeted (\$120,000) and, consequently, our share of the cost has been reduced from the budgeted \$30,000 to an actual of \$16,500 which leaves us with a budgeted surplus of \$13,500 which reduces the total increase in costs from \$111,500 to \$98,000.

The Department is prepared to proceed with this work, but it requires the approval of the Municipality to proceed with these revised costs in order to award the contract. TIR has advised that an immediate response is required so that this project may proceed within the current construction season.

We did not budget for this increased expense, but we have identified a possible source of funding that could be accessed should Council decide to accept the new cost amounts and proceed with the work.

If Council wishes to proceed with the paving of these J Class Roads at the increased cost sharing amount then Staff are recommending the funds (in the amount of \$98,000) be taken from the AT Account (01-2323012-950 Paved Shoulders – AT Plan)(the same account that the was used to fund the previous increase of costs of J Class Roads). The budgeted amount in this account is \$565,000 and it is fully funded by Gas Tax.

RECOMMENDED MOTION

Council approve the increase in the cost sharing amount for the J Class Roads (listed above) as presented by TIR in the amount of \$98,000 with the source of the funds being the AT Account (01-2323012-950) and Council directs the Mayor to execute the Notice of Approval in the form provided by TIR.

Department: Administration

Report Prepared By: Tom MacEwan, CAO

Report Approved By: _____ Date: _____

Reviewed By CAO: _____ Date: _____



Municipality of the District of Lunenburg

Report to Council

Report To: Municipal Council
Submitted By: Tissy Bolivar, Program Coordinator
Date: September 22, 2020
Re: Sponsorship Ad Grant: Nova Scotia/Nunavut Command of the Royal Canadian Legion's 17th Annual Veterans Service Recognition Book

Recommendation

That *Municipal Council* approve the sponsorship ad request of **Nova Scotia/Nunavut Command of the Royal Canadian Legion** for **\$260**, for their 17th Annual Veterans Service Recognition Book, being released for Remembrance Day 2020.

Executive Summary

The Nova Scotia/Nunavut Command of the Royal Canadian Legion is developing their 17th Annual Veterans Service Recognition Book in advance of Remembrance Day 2020. We have supported this initiative previously, which honors the many past and present-day veterans in Nova Scotia and Nunavut.

Background

The Veterans Service Recognition Book is intended to recognize and honor the many Nova Scotian and Nunavut's brave veterans who have served our Country so well in the past three major world conflicts (WW1, WW2 and the Korean War) and recent conflicts such as Afghanistan. This annual publication is scheduled for release by Remembrance Day 2020 and goes a long way to help the Legion in their role as the "Keepers of Remembrance".

This unique remembrance publication includes past and present-day Veterans biographies and photographs. With the help of our Veterans and their families and friends, submissions are collected at local legion branches and the next edition is scheduled for release in advance of our Annual Remembrance Day Ceremonies.

The publication is available for all to see at local legion branches and online at the Nova Scotia/Nunavut Command Legion's website: www.ns.legion.ca. It helps them, and their

younger generations, appreciate and never forget the Sacrifices made by our Veterans for the freedoms we enjoy today. Proceeds raised beyond the cost of publication from this annual campaign are used to support our Veterans including the Veterans Outreach Program for injured and/or homeless Veterans and the many other community activities of the Legion such as supporting local hospitals, scholarships, charities, and youth programs (e.g. Cadets, leadership camps, etc.).

A sponsorship of \$260 is for a 1/10-page ad – a full colour business card. Sample of previous ad for review. We have provided previous sponsorship for this initiative.



Budget Implication

The Sponsorship Ad Grant budget is \$6,000. To date, \$750 has been awarded, therefore \$5,250 remains in the account.

Alternatives

1. Award Nova Scotia/Nunavut Command of the Royal Canadian Legion a sponsorship grant different than the recommendation, based on the rate sheet provided
2. Not to award a Sponsorship Ad Grant to the Nova Scotia/Nunavut Command of the Royal Canadian Legion

Conclusion

The application put forward by the Nova Scotia/Nunavut Command of the Royal Canadian Legion meets required criteria for the Sponsorship Ad Grant and it is recommended by staff to approve the request of \$260 towards their 17th Annual Veterans Service Recognition Book.

Department: Recreation

Report Prepared By: Tissy Bolivar

Date: September 4, 2020

Report Approved By: Bill Schurman

Date: September 4, 2020

Reviewed By CAO:

Date:



Nova Scotia/Nunavut Command The Royal Canadian Legion

“Veteran’s Service Recognition Book”

Advertising Prices

<u>AD SIZE</u>	<u>PRICE</u>	<u>HST</u>	<u>TOTAL</u>
Full Colour Outside Back Cover [8”X10.75”]	\$1,391.30 +	\$208.70 =	\$1,600.00
Inside Front/Back Cover (Full Colour) [8”X10.75”]	\$1,213.04 +	\$181.96 =	\$1,395.00
Full Colour 2-Page Spread	\$1,669.57 +	\$250.43 =	\$1,920.00
Full Page (Full Colour) [7”X9.735”]	\$834.78 +	\$125.22 =	\$960.00
Full Page [7”X9.735”]	\$647.83 +	\$97.17 =	\$745.00
½ Page (Full Colour) [7”X4.735”]	\$552.17 +	\$82.83 =	\$635.00
½ Page [7”X4.735”]	\$460.87 +	\$69.13 =	\$530.00
¼ Page (Full Colour) [3.375”X4.735”]	\$369.57 +	\$55.43 =	\$425.00
¼ Page [3.375”X4.735”]	\$273.91 +	\$41.09 =	\$315.00
1/10 Page (Full Colour Business Card) [3.375”X1.735”]	\$226.09 +	\$33.91 =	\$260.00
1/10 Page (Business Card) [3.375”X1.735”]	\$182.61 +	\$27.39 =	\$210.00

H.S.T. Registration # 107933665RT0001

All typesetting and layout charges are included in the above prices. Electronically submitted ads must be at least 200dpi. We can accept files in Mac or PC format. However, we cannot accept Publisher files. If an advertisement is sent in Word, please also include the photos (images) as a separate attachment.

A complimentary copy of this year’s guide will be received by all advertisers purchasing space of 1/10 page and up, along with a Certificate of Appreciation.



PLEASE MAKE CHEQUE PAYABLE TO:
 NS/NU Command
 The Royal Canadian Legion
 (NS/NU RCL)
 (Campaign Office)
 PO Box 511, STN Central
 Halifax, NS B3J 2R7





Municipality of the District of Lunenburg

Report to Council

Report To: Mayor and Council
Submitted By: Elana Wentzell, Director of Finance
Date: September 22, 2020
Re: Consolidated Finance Statements - year ending March 31, 2020

The Audit Committee, in session on Tuesday, September 15, 2020, reviewed the Consolidated Financial Statements for the year ending March 31, 2020 with the Auditors. Committee members were given the opportunity to ask questions. No issues were identified during the discussion.

A motion of Council approving the Consolidated Financial Statements is required under provincial regulations. If Council has no issues with the Consolidated Financial Statements as presented at the Audit Committee meeting, the following motion is required:

“that Municipal Council approve the Municipality of the District of Lunenburg’s Consolidated Financial Statements for the period ending March 31, 2020.”

Elana Wentzell, Director of Finance

Attachments

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

FINANCIAL STATEMENTS

MARCH 31, 2020

DRAFT



**210 Aberdeen Road
Bridgewater NS
B4V 4W8**

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Consolidated Financial Statements

Trust Funds Financial Statements

Section.

A

B

DRAFT

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

DRAFT



**210 Aberdeen Road
Bridgewater, NS
B4V 2W8**

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MUNICIPALITY OF THE DISTRICT OF LUNENBURG

Consolidated Financial Statements

Year ended March 31, 2020

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 auditor to review 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 17, 2020

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, 2020 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, 2020, 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.

- 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 estimates 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.

Bridgewater, Nova Scotia
September 15, 2020

REGISTERED MUNICIPAL AUDITORS
CHARTERED PROFESSIONAL ACCOUNTANTS

DRAFT

**Municipality of the District of Lunenburg
Consolidated Statement of Financial Position
As at March 31, 2020**

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	2020 Actual	2019 Actual
Financial Assets		
Cash and cash equivalents (note 4)	\$ 29,607,826	\$ 28,177,755
Taxes receivable (net of asset valuation allowances) (note 5)	1,649,601	1,788,359
Other receivables (net of asset valuation allowances) (note 6)	1,726,253	2,112,252
Investment in Municipal Joint Service Board (note 16)	3,528,630	3,528,630
Assets held for resale (note 26)	442,695	-
	<u>36,955,004</u>	<u>35,606,996</u>
Liabilities		
Accounts payable and accrued liabilities	3,111,636	1,789,987
Long-term debt (note 9)	2,864,847	3,864,695
Other liabilities		
Payable to other governments	788,786	355,335
Employee future benefit obligations (note 13)	332,817	301,095
Other (note 7)	3,743,719	4,604,949
	<u>10,841,805</u>	<u>10,916,061</u>
Net Financial Asset	<u>26,113,200</u>	<u>24,690,934</u>
Non-Financial Assets		
Tangible Capital assets (net of accumulated amortization) (note 10)	46,042,312	40,621,782
Prepaid expenses	160,745	15,813
	<u>46,203,056</u>	<u>40,637,595</u>
Accumulated Surplus (note 24)	<u>\$ 72,316,255</u>	<u>\$ 65,328,523</u>

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, 2020

A – 3

	2020		2019
	Budget	Actual	Actual
Revenue			
Assessable property taxes ¹ (note 12)	\$ 20,649,800	\$ 21,001,517	\$ 20,259,284
Grants in lieu of taxes	203,700	206,395	203,244
Services provided to other governments	53,500	49,026	40,033
Other revenue from own sources (note 12 a)	2,814,964	4,507,810	3,091,306
Unconditional transfers from other governments	00	87,017	86,420
Conditional transfers from other governments (note 12 a)	4,546,046	3,992,173	2,671,325
	<u>28,355,710</u>	<u>29,843,938</u>	<u>26,351,613</u>
Expenditures			
General government services	5,029,654	4,094,259	4,172,492
Protective services	7,669,535	7,629,689	7,245,049
Transportation services	1,692,865	2,681,727	1,552,609
Environmental health services	3,838,442	3,996,069	3,728,385
Environmental development services	1,798,491	1,349,266	1,124,173
Recreation and cultural services	3,045,514	3,105,200	3,197,464
	<u>23,074,501</u>	<u>22,856,211</u>	<u>21,020,172</u>
Annual Surplus	5,281,210	6,987,727	5,331,440
Accumulated Surplus, beginning of year	<u>65,328,523</u>	<u>65,328,523</u>	<u>59,997,086</u>
Accumulated Surplus, end of year (note 24)	<u>\$ 70,609,733</u>	<u>\$ 72,316,255</u>	<u>\$ 65,328,523</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, 2020

A – 4

	2020 Actual	2019 Actual
Operating Activities		
Annual Surplus	\$ 6,987,727	\$ 5,331,440
Change in non-cash items		
Amortization	1,441,061	1,461,063
Taxes receivable (net of asset valuation allowances)	138,758	32,962
Other receivables (net of asset valuation allowances)	385,999	(1,554,052)
Change in assets held for sale	442,695	-
Payables	1,321,649	220,006
Other liabilities	(396,057)	41,991
Change in prepaid	(144,932)	191,572
	<u>10,176,900</u>	<u>5,724,982</u>
Capital Activities		
Acquisition of tangible capital assets	(7,304,286)	(3,148,112)
Disposals of tangible capital assets	-	414,024
	<u>(7,304,286)</u>	<u>(2,734,088)</u>
Financing Activities		
Change in bank loans	-	-
Principal payments on long-term debt	(999,848)	(999,848)
	<u>(999,848)</u>	<u>(999,848)</u>
Investing Activities		
Assets held for sale	(442,695)	-
	<u>1,430,069</u>	<u>1,991,042</u>
Net increase (decrease) in cash and cash equivalents		
	<u>1,430,069</u>	<u>1,991,042</u>
Cash and Cash Equivalents		
Beginning of Year	<u>28,177,755</u>	<u>26,186,710</u>
End of Year	<u>\$ 29,607,826</u>	<u>\$ 28,177,755</u>

Municipality of the District of Lunenburg
 Consolidated Statement of Changes in Financial Net Financial Assets
 For the Year Ended March 31, 2020

A – 5

	2020 Actual	2019 Actual
Annual Surplus	\$ 6,987,727	\$ 5,331,440
Acquisition of tangible capital assets	(7,304,286)	(3,148,112)
Amortization of tangible capital assets	1,441,061	1,461,063
Disposal of tangible capital assets	-	414,024
	(5,863,223)	(1,273,023)
Acquisition of assets held for sale	442,695	-
Acquisition of prepaid expenses	(144,932)	191,572
	297,763	191,572
Increase in Net Financial Assets	1,422,267	4,249,980
Net Financial Assets		
Beginning of Year	24,690,934	20,440,955
End of Year	\$ 26,113,200	\$ 24,690,934

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-corporations 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
- South Shore Regional Enterprise Network
- 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:

	2020 Actual	2019 Actual
Burial funds	\$ 3,010	\$ 2,942
School lands	26,227	26,227
Lunenburg County Community Fund	498,871	186,410
	<u>\$ 528,108</u>	<u>\$ 215,579</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 Standards ("PSAS") 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.

(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. Based on an actuarial review, an estimate of the 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.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with bank, 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:

	2020		2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Western Regional Housing Authority (a)	\$ 35,000	\$ 51,535	\$ 7,953
South Shore Regional Library Board (b)	162,000	159,715	159,715
South Shore Regional Enterprise Network (c)	-	-	26,519
Property Valuation Services Corporation (3. c)	698,600	698,022	688,246
	<u>\$ 895,600</u>	<u>\$ 909,272</u>	<u>\$ 882,433</u>

(a) Contribution to Regional Housing Authority

The Municipality is required to finance its share of operating deficit in the Western Regional Housing Authority out of its current year's operations. The cumulative deficit financed for 2019-20 was \$51,535 (2018-19 - \$7,953).

(b) Contribution to Regional Library Board

During 2019-20, the Municipality paid \$159,715 (2018-19 - \$159,715) to the Regional Library Board as its share of operating costs.

(c) Contribution to South Shore Regional Enterprise Network

In January 2017, the Municipality entered into an inter-municipal agreement with other municipalities in South Western Nova Scotia to form a Regional Enterprise Network. In July 2018, the participating units terminated the agreement effective September 30, 2018.

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 2019-2020 the education tax rate is \$0.3048 (2018-19 - \$0.3048) per \$100 of uniform assessment multiplied by the uniform assessment of \$2,671,786,339 (2018-19 - \$2,625,377,705) for a total amount paid of \$8,143,605 (2018-19 - \$8,002,151).

(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 2019-20 the Municipality paid \$433,536 (2018-19 - \$435,528) 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 2019-20 \$17.695 million (2018-19 - \$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 2019-20 the Municipality paid \$698,022 (2018-19 - \$688,246) 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 the current year, 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 \$15,023,022 (2018-19 - \$15,529,557). The following table provides supplementary financial information for the LCLC as of March 31:

Financial Position	2020		2019
	MODL Share	TOTAL	
Financial Assets	\$ 220,191	\$ 4,060,700	\$ 4,427,584
Liabilities	218,278	4,056,874	4,386,896
Net Financial Assets (Liabilities)	1,913	3,826	40,688
Non Financial Assets	15,021,109	30,042,218	31,018,425
Net Assets (Liabilities)	\$ 15,023,022	\$ 30,046,044	\$ 31,059,113

As of March 31, 2020, MJDL had the following related party transactions with the L

	2020	2019
Due to LCLC	\$ 95	\$ 393
Operating Grants paid to LCLC	420,000	408,413
Capital Grants paid to LCLC	87,500	31,587

4. Cash and Cash Equivalents	2020 Actual	2019 Actual
Included in Cash are Restricted Amounts		
Gas Tax grant program	\$ 3,900,849	\$ 3,295,221
Lunenburg County Lifestyle Centre	52,076	162,946
Tax Sale Surplus	1,120,681	900,969
Landfill Closure	864,205	871,876
	<u>5,937,811</u>	<u>5,231,012</u>
Unrestricted Cash	<u>22,946,743</u>	<u>22,946,743</u>
	<u>\$ 29,607,826</u>	<u>\$ 28,177,755</u>
	2020 Actual	2019 Actual
Cash Made Up Of:		
Operating Fund	\$ 16,861,684	\$ 12,643,859
Capital Fund	(2,584,799)	92,085
Reserve Fund	15,278,865	15,278,865
Lunenburg County Lifestyle Centre	52,076	162,946
	<u>\$ 29,607,826</u>	<u>\$ 28,177,755</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	2020 Actual	2019 Actual
Balance, beginning of year	\$ 1,788,359	\$ 1,821,321
Current year's tax levy	27,965,923	27,140,956
Interest on overdue taxes and rates	311,541	291,596
	30,065,823	29,253,873
Deduct		
Collections	27,473,220	26,459,136
Adjustments, write-offs & bad debt expense	3,248	91,222
Exemptions for taxes	170,240	148,891
	27,646,708	26,699,249
Sub-total	2,419,115	2,554,624
Allowance for doubtful accounts	(769,515)	(766,267)
Net taxes receivable	\$ 1,649,601	\$ 1,788,359

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6. Other Receivables

(a) Other	2020 Actual	2019 Actual
Governments		
Government of Canada and its agencies	\$ 248,954	\$ 126,398
Province of Nova Scotia and its agencies	565,998	898,972
Trust Fund	(4,610)	(204)
Municipal Joint Services Board ("MJSB")	4,743	22,587
Wileville Fire Department	-	-
Municipal Governments	<u>84,023</u>	<u>86,216</u>
	<u>899,107</u>	<u>1,133,969</u>
General Public		
LaHave River Stright Pipe Loans	243,068	653,199
Clean Energy Financing Loans	498,255	234,837
	<u>85,873</u>	<u>90,310</u>
	<u>827,195</u>	<u>978,346</u>
Allowance for Doubtful Accounts	(50)	(64)
	<u>\$ 1,726,253</u>	<u>\$ 2,112,252</u>
Other Receivables Found in:		
Operating Fund	\$ 310,795	\$ 406,670
Capital Fund	1,247,343	1,624,240
Reserve Fund	-	-
Trust Fund	-	-
Other	<u>168,115</u>	<u>81,341</u>
	<u>\$ 1,726,253</u>	<u>\$ 2,112,252</u>

(b) Allowances for Doubtful Accounts

	2020 Actual	2019 Actual
Due from general public	\$ 50	\$ 64
	<u>\$ 50</u>	<u>\$ 64</u>

7. Other Liabilities

	2020	2019
	Actual	Actual
Deferred Revenues		
Other	\$ 160,606	\$ 65,538
Lunenburg County Lifestyle Centre	98,396	67,544
	<u>259,002</u>	<u>133,082</u>
Other		
Prepaid Taxes	858,853	757,457
Tax Sale Surplus (note 8)	1,120,681	900,969
Riverport School environmental liability (note 7b)	595,223	595,223
Pension liability	-	1,343,293
Landfill closure liability (note 7a)	408,830	408,830
Lunenburg County Community Fund (note 7c)	501,129	466,094
	<u>\$ 3,743,719</u>	<u>\$ 4,604,949</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, 2020 was \$864,205 (2019- \$871,876). 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 (2019 – \$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 (2019 - \$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)

	2020 Actual	2019 Actual
Estimated gross landfill closure cost	\$408,830	\$ 408,830
Reserves for Site Closure	864,205	871,876

(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 and 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 a standard of a cost of \$600,100. The tear down, remediation and testing follow-up will take one year. The tear down work commenced in August 2020 with an expected completion in 2020. The site is currently being monitored as per the legislation.

(c) Lunenburg County Community Fund Liability

The Lunenburg County Community Fund (LCCF) has pledged to donate up to \$1,000,000 to help finance the LaHave River Straight Pipe Project. To date, the fund has donated the full \$1,000,000. In accordance with the Memorandum of Understanding between MODL and the LCCF, homeowner payments up to one million dollars are transferred to a Trust Fund in the name of the LCCF to be used on future mutually agreed upon projects. Homeowner payments of \$312,461 were received throughout the 2019-20 fiscal year, leaving a liability to the LCCF of \$501,129.

	2020 Actual	2019 Actual
LCCF liability, beginning of year	\$ 466,094	\$ -
LCCF amount received (\$1M over 2 year)	347,496	652,504
Homeowner payments transferred to Trust	312,461	186,410
Balance left to transfer (liability)	<u>\$ 501,129</u>	<u>\$ 466,094</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. There was no surplus in 2000 which was transferred to Capital Reserve in Fiscal 2020. Provincial regulations require the tax sale surplus be included in the consolidated statements as a liability. Tax sale surplus account amounts and the respective years in which they arose are as follows:

	2020	2019
	Actual	Actual
2000	-	-
2001	11,646	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	125,588
2020	306,346	-
	<u>\$ 1,120,681</u>	<u>\$ 900,969</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	\$ 360,000	\$ (120,000)	\$ 240,000	\$ 13,144	4.95%
Economic dev & environmental	June 1, 2020	1 715,000	(245,000)	1,470,000	73,706	4.70%
Economic dev & environmental	Oct. 24, 2021	1 5 0,000	(520,000)	1,040,000	61,374	4.50%
Various purposes	Nov 9, 2020	229,695	(114,848)	114,847	7,093	3.25%
		<u>\$ 3,864,695</u>	<u>\$ (999,848)</u>	<u>\$ 2,864,847</u>	<u>\$ 155,317</u>	

(b) Principal Payments

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

2021	\$ 2,224,847
2022	\$ 640,000
2023	\$ -
2024	\$ -
2025	\$ -

- (i) The annual principal and interest payments 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 will be 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:

	2020		2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Principal payments			
Environmental health services	\$ 20,000	\$ 120,000	\$ 120,000
Economic and environmental development	879,900	879,848	879,848
	999,900	999,848	999,848
Interest payments			
Environmental health services	\$ 15,200	\$ 13,144	\$ 19,136
Economic and environmental development			
Development at Exit 12	148,800	135,080	170,369
Various purposes	8,700	7,093	11,166
	172,700	155,317	200,671
	\$ 1,172,600	\$ 1,155,165	\$ 1,200,519

(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, 2020 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 Council of the Municipality of the District of Lunenburg on November 26, 2019 and the Minister of Municipal Affairs and Housing on May 5, 2020. It expires May 5, 2023. As of March 31, 2020, Martin’s River Fire Commission had not yet secured the loan.

**Municipality of the District of Lunenburg
Notes to Consolidated Financial Statements
For the Year Ended March 31, 2020**

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10. Tangible Capital Assets	Cost - Beg of Year	Additions	Cost Disposals & Write Offs	Cost-End of Year	Amort Disposals & Write Offs	Amort in Year	Acc Amort Beg of Year	Acc Amort End of Year	Net Book Value	
									2020	2019
Municipal General										
Land	\$ 5,713,576	\$ 9,430	\$ -	\$ 5,723,006	\$ -	\$ -	\$ -	\$ -	\$ 5,723,006	\$ 5,713,576
Land Improvements	1,652,616	223,723	-	1,876,338	-	52,669	381,934	434,602	1,441,736	1,270,682
Buildings	2,108,910	12,202	703,863	1,417,250	244,696	48,241	646,879	450,424	966,826	1,462,031
Buildings/Plants - WWTP	6,243,425	-	-	6,243,425	-	250,469	3,086,670	3,337,139	2,906,287	3,156,756
Electronic Equipment	462,142	-	-	462,142	-	30,067	373,991	404,058	58,084	88,151
Small Equipment	162,015	45,604	-	207,619	-	6,721	124,984	131,705	75,914	37,030
Machinery & Equipment	945,482	-	-	945,482	-	54,483	374,407	428,890	516,592	571,074
Vehicles	228,510	57,372	-	285,882	-	37,585	93,425	131,011	154,872	135,085
Wharves	378,674	-	-	378,674	-	15,147	153,270	168,417	210,257	225,404
Roads and Streets	6,125,123	1,957,359	-	8,082,482	-	201,984	2,249,146	2,451,130	5,631,353	3,875,977
Sidewalks	155,865	173,125	-	328,990	-	5,195	29,272	34,468	294,522	126,593
Sewer System	7,569,547	-	-	7,569,547	-	162,998	1,647,904	1,810,902	5,758,645	5,921,643
LaHave Straight Pipe Project	1,839,667	1,747,452	-	3,587,119	-	18,438	24,860	43,298	3,543,821	1,814,806
WIP - Municipal Services Building	-	2,933,321	-	2,933,321	-	-	-	-	2,933,321	-
Other	1,034,621	144,698	-	1,179,318	-	50,531	299,731	350,262	829,057	734,889
	34,620,173	7,304,286	703,863	41,220,595	244,696	934,528	9,486,474	10,176,306	31,044,290	25,133,698
Other units share REMO	(44,208)	-	(31,574)	(12,634)	(15,102)	-	(27,736)	(12,634)	-	(16,473)
	34,575,964	7,304,286	672,289	41,207,961	229,594	934,528	9,458,738	10,163,672	31,044,290	25,117,225
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	312,339	369,310	1,054,962	1,111,933
Building	15,864,549	-	-	15,864,549	-	398,711	2,181,892	2,580,602	13,283,947	13,682,657
Furniture and fixtures	167,852	-	-	167,852	-	16,785	86,583	103,368	64,484	81,269
Computer equipment	118,470	-	-	118,470	-	5,919	102,661	108,580	9,891	15,809
Equipment	316,874	-	-	316,874	-	28,149	140,319	168,468	148,407	176,556
Work in Progress	2,750	-	-	2,750	-	-	-	-	2,750	2,750
Total Tangible Capital Assets	18,328,348	-	-	18,328,348	-	506,534	2,823,793	3,330,326	14,998,022	15,504,556
Total Tangible Capital Assets	\$ 52,904,312	\$ 7,304,286	\$ 672,289	\$ 59,536,309	\$ 229,594	\$ 1,441,061	\$ 12,282,531	\$ 13,493,998	\$ 46,042,312	\$ 40,621,781

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: 2020/21 - \$1,080,574; 2021/22 - \$1,104,886; 2022/23 - \$1,129,746; 2023/24 - \$1,155,166 (before HST). 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 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 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 R. The schools 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:

	Park View Education Centre	New Germany Rural High	Total
Balance, beginning of year	\$ 283	\$ 283	\$ 565
Interest income earned in trust	302	302	605
Less: paid to school for books	(283)	(283)	(565)
Balance available for book purchases	\$ 302	\$ 302	\$ 605

(f) Garbage Disposal

Commencing April 1, 1991, the Municipality entered into an agreement with three 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 with no capital contribution to the existing assets.

The capital cost of existing equipment and contents are outlined with acquisitions after the date of this Agreement to be shared equally.

The existing municipal building is actively on the market for sale. All municipal building contents including any EMO assets have been added to inventory as assets available for sale as of March 31, 2020 at the net book value as per PSAB regulations.

	Interest	2020	2019
Apportionment of capital costs			
Town of Bridgewater	53.10%	\$ -	\$ 16,473
Municipality of the District of Lunenburg	46.90%	-	14,547
	<u>100.00%</u>	<u>\$ -</u>	<u>\$ 31,020</u>

12. Assessed Property Taxation

	2020		2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Total taxes and rates	\$ 29,261,900	\$ 29,630,192	28,704,916
Less:			
Taxes collected on behalf of others:			
School Board levy	8,143,600	8,143,605	8,002,151
Correctional Services	433,500	433,536	435,528
Deficit of Regional Housing Authority	35,000	51,535	7,953
	<u>8,612,100</u>	<u>8,628,676</u>	<u>8,445,632</u>
Net taxes and rates	<u>\$ 20,649,800</u>	<u>\$ 21,001,517</u>	<u>\$ 20,259,284</u>

12 (a) Schedule of Other Revenues & Conditional Transfers

	Actual 2020	Actual 2019
Other revenue from own sources		
<i>Operating fund revenue</i>		
Licenses & permits	\$ 68,517	\$ 69,904
Police prosecution & fines	84,459	78,851
Rentals	103,150	115,300
CES/CEF Expense Recovery	64,708	67,489
Interest - bank accounts and pension	729,164	806,074
Interest on overdue taxes	312,047	297,663
Administration charges - REMO	-	6,719
Tax Sale fees	57,639	54,965
Open Space Fees	62,644	64,892
Tax Information - third parties	85,332	75,380
Tax Sale surplus	-	17,902
Pro-Kids	25,778	20,494
Economic Development grants & VIC	56,424	65,361
Sale of Services	88,664	97,380
Other Administrative revenues	1,349,670	41,472
<i>Capital fund revenue</i>		
Aerated compost carts	-	-
Sewer user connect fees	100	-
LCLC fundraising	11,750	-
Sale of Assets (golf course, used vehicle, and land)	-	-
Liability funding - Riverport School	-	-
Lun Co Community Fund	578,714	607,656
Other Contributions	316,630	85,031
Interest on receivables	5,213	(12,500)
Donated assets (land)	6,150	-
Gain on sale of assets	-	2,600
<i>LCLC consolidated revenue</i>	501,060	528,673
	<u>\$ 4,507,810</u>	<u>\$ 3,091,306</u>
Conditional transfers from other governments		
Gas Tax revenue	2,352,655	1,214,141
Federal & Provincial capital grants	1,247,344	1,195,967
Provincial operating grants	141,406	54,532
LCLC consolidated government transfers	250,768	206,685
	<u>\$ 3,992,173</u>	<u>\$ 2,671,325</u>

13. Employee Benefits

(a) Pension Agreements

Up to and including February 29, 2020, the Municipality made contributions to two Pension Plans for the employees of the Municipality. Employees hired after June 25, 2013 were members of a defined contribution pension plan where the Municipality matches the employees' contributions up to 8% of earnings. Employer costs for 2019/20 were \$144,647 (2018/19: \$118,815).

Employees hired before June 25, 2013 were members of the defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. The Municipality maintained a separate non-consolidated investment trust fund for this plan.

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 PSSPT, 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 not yet available. The actuarial estimation is that there will be a \$159,000 gain on transfer. This potential pension benefit gain has not been recorded in the consolidated statement of operations.

An actuarial estimation applied the PSSP's funded ratio at December 31, 2019 of 98.5% to determine the estimated cost of transfer because the PSSP's funded ratio at the transfer date is unknown. Due to the market volatility during the period leading up to the transfer date, the actual funded ratio may differ significantly and therefore the cost of the transfer may also differ significantly from this estimate.

Based on this methodology, the Municipality's plan had assets available for transfer of \$9,755,000 and actuarial liabilities of \$9,733,000. The actual liabilities to fund based on the PSSP funded ratio of 98.5% are \$9,596,000.

13. Employee Benefits (continued)

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 2019/20, these costs totaled \$159,467. It is estimated that the remaining transfer costs will not exceed the \$776,356 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 98.5% funded with a funding shortfall of \$105,080,000 as at December 31, 2019 on a going concern basis. Contributions to the Plan are required by both the employer and its employees. Total MODL employer contributions for 2019-2020 were \$25,870,000 and are recognized as an expense in that period.

(c) Employee Future Benefit Obligations

The most recent actuarial valuation of sick leave benefits was March 31, 2016 and set at \$60,000. 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, 2020 and consist of the following:

	2020 Actual	2019 Actual	Net Change
Accrued sick leave	\$ 64,600	\$ 60,000	\$ 4,600
Service awards	19,800	21,600	(1,800)
Vacation pay	248,417	219,495	28,922
	<u>\$ 332,817</u>	<u>\$ 301,095</u>	<u>\$ 31,722</u>

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.

13. Employee Benefits (continued)

(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 benefits.

(iii) Accrued Sick Leave

The Municipality's estimated sick leave entitlements for 2019-20 are \$64,600 (\$60,000 – 2018-19) based on an estimate of employee credit drawdown history.

In lieu of a short-term disability plan, the Municipality has a sick leave plan 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.

	2020 Actual	2019 Actual
Salaries, benefits & other personnel costs	\$ 4,326,718	\$ 3,851,019
Long-term interest charges	217,566	266,732
Materials, outsourced and other	8,872,990	7,717,898
Amortization	1,441,062	1,461,063
Utilities	558,073	552,178
Rents	1,024	1,693
Grants (note 16b)	558,203	515,254
Fire Area Rates	3,391,766	3,216,131
Policing and corrections	3,318,568	3,289,315
Contributions to Boards and Agencies (note 2)	-	-
Reduced taxes	170,240	148,891
Total consolidated statement of operations expenditures	<u>\$ 22,856,210</u>	<u>\$ 21,020,174</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 2020 fiscal year the Municipality issued payments as government transfers as follows:

	2020		2019
	Budget	Actual	Actual
Grants to fire departments	\$ 168,700	\$ 193,715	\$ 165,340
Grants to agencies and institutions	476,100	340,488	325,914
	<u>\$ 644,800</u>	<u>\$ 534,203</u>	<u>\$ 491,254</u>

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 Operation and Maintenance Budget process.

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

	<u>2020</u>	<u>2019</u>
Tipping fee payments & monitoring	\$ 1,283,519	\$ 1,241,796
IT Services	185,500	179,023
HR Services	49,155	22,593
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 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	
	2020	2019	2020	2019	2020	2019
Mayor Carolyn Bolivar-Getson	\$ 58,546	\$ 50,310	\$ 11,880	\$ 13,101	\$ 70,426	\$ 63,411
Councillor/Deputy Mayor Cathy Moore	35,599	29,670	4,485	4,367	40,084	34,037
Councillor Martin Bell	29,149	31,181	3,964	5,029	33,113	36,210
Councillor Wade Carver	29,149	25,984	1,730	1,687	30,879	27,671
Councillor Michael Ernst	29,149	25,984	1,023	1,070	30,172	27,054
Councillor Claudette Garland	29,149	25,984	3,450	2,729	32,599	28,713
Councillor/Deputy Mayor Eric Hustvedt	33,195	25,984	7,747	4,785	40,942	30,769
Councillor Errol Knickle	29,149	25,984	1,053	1,106	30,202	27,090
Councillor Lee Nauss	29,149	25,984	2,193	3,043	31,342	29,027
Councillor John Veinot	29,149	25,984	811	379	29,960	26,363
Councillor Reid Whynot	29,149	25,984	5,179	5,484	34,328	31,468
	360,532	319,033	43,515	42,780	404,048	361,813
Chief Administrative Officer(s)	112,425	135,421	12,462	7,441	124,887	142,862
	\$ 472,957	\$ 454,454	\$ 55,977	\$ 50,221	\$ 528,934	\$ 504,675

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 2019-20 (\$0 in 2018-19).

19. Area Rates

	2020 Actual	2019 Actual
Balance, beginning of year	\$ (289,957)	\$ (154,866)
Rates levied		
Fire protection	3,390,879	3,217,235
Street lighting	148,551	121,544
Hydrant charges	62,247	58,895
Sewer	596,433	596,817
	<u>3,908,153</u>	<u>3,839,624</u>
Services provided in current year		
Fire protection payments	3,391,766	3,216,131
Street lighting	145,389	144,678
Hydrant charges	58,171	56,705
	<u>3,595,326</u>	<u>3,417,515</u>
Sewer		
Collection and disposal systems	514,850	537,067
Transfer to restricted reserve surplus	175,000	175,000
Total sewer	<u>689,850</u>	<u>712,067</u>
	<u>4,285,176</u>	<u>4,129,581</u>
Balance, end of year	\$ (377,023)	\$ (289,957)

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	\$ 24	\$ 10,328	\$ 10,352	\$ 10,372	\$ (20)
Blockhouse	59	143,664	143,723	143,827	(104)
Conquerall Bank	-	93,241	93,241	93,266	(25)
Cornwall	-	99,481	99,481	99,523	(42)
Dayspring and District	-	175,454	175,454	175,545	(91)
District No. 1 Fire Protection	(82)	299,086	299,004	299,162	(158)
Hebb's Cross	-	64,250	64,250	64,292	(42)
Hebbville	(20)	148,960	148,940	148,982	(42)
Hemford and District	(136)	48,920	48,784	48,804	(20)
Indian Point	-	39,632	39,632	39,637	(5)
Italy Cross	-	85,628	85,628	85,678	(50)
LaHave and District	(10)	183,585	183,575	183,467	108
Lapland and District	-	40,448	40,448	40,493	(45)
Maders Cove	-	62,924	62,924	62,946	(22)
Martins River	-	108,529	108,529	108,622	(93)
Midville and District	-	73,107	73,107	73,127	(20)
New Germany	(8)	255,130	255,122	255,164	(42)
Northfield	(36)	334,609	334,573	334,621	(48)
Oakhill	-	167,544	167,544	167,592	(48)
Oakland/Clearland	-	88,613	88,613	88,613	-
Petite Riviere & Crousetown	(20)	100,344	100,324	100,369	(45)
Pleasantville	330	93,045	93,375	93,213	162
Riverport	81	348,129	348,211	348,164	46
Tri-District ¹	-	161,585	161,585	161,680	(95)
United Communities	-	73,527	73,527	73,575	(48)
Walden	-	17,004	17,004	17,024	(20)
Wileville	2	74,112	74,115	74,008	106
	185	3,390,879	3,391,064	3,391,766	(703)
Hydrants	(127)	62,247	62,120	58,171	3,949
Sewer services	(196,878)	596,433	399,555	689,850	(290,295)
Street lighting	(93,137)	148,551	55,414	145,389	(89,975)
	\$ (289,957)	\$ 4,198,110	\$ 3,908,152	\$ 4,285,176	\$ (377,023)

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

20. Operating Reserve Details

	Balance, beginning of year	Interest on Savings	Transfer (to) from Other Funds	Other	Balance end of year
Roads	\$ 199,400	\$ -	\$ 25,000	\$ -	\$ 224,400
Surveying	17,202	-	-	-	17,202
General Operations	6,692,478	-	3,687,493	-	10,379,971
Recreation	5,300	-	(5,300)	-	-
Election	74,000	-	39,000	-	113,000
Open Space Strategic Plan	163,816	-	58,666	-	222,482
Employee Contingency	876,356	-	(100,000)	-	776,356
Depreciation Reserve	7,260,418	-	(807,627)	-	6,452,791
Recreation Complex Capital	(1,645,979)	-	1,645,979	-	-
PACE - Clean Energy Financing	(91,030)	-	3,629	-	(87,401)
Restricted To Area Rates (Sewer)	1,574,092	-	175,000	-	1,749,092
Transit Study	43,364	-	-	-	43,364
LCLC Operating Reserve	26,994	-	-	-	26,994
LaHave River Solutions	-	-	-	-	-
Indian Path	833	-	-	-	833
Environmental Petite Riviere	9,180	-	(9,180)	-	-
Pro Kids	25,163	-	5,415	-	30,578
Hirtles Beach	2,637	-	-	-	2,637
CES-CEF	216,179	-	(96,909)	-	119,270
SNSMR Grant	42,000	-	-	-	42,000
	\$ 15,492,403	\$ -	\$ 4,621,166	\$ -	\$ 20,113,569

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	871,876	20,329	(28,000)		864,205
Land Sales	709,996		(644,135)		65,861
Recreation complex depreciation	370,765	8,645	97,500		476,910
Sherbroke Lake	200,000				200,000
Trails	6,245				6,245
Lift station replacement	537				537
Gas tax revenue	3,295,221	91,989	513,639		3,900,849
Open space	130,790		59,364		190,154
Golf reserves	59,819		(59,819)		-
User connection fees	30,327		100		30,427
Aerated Carts	690		-		690
District General Capital	1,971,207		(1,971,207)		-
	\$ 7,653,749	\$ 120,963	\$ (2,032,558)	\$ -	\$ 5,742,154

**Municipality of the District of Lunenburg
Consolidated Schedule of Segment Disclosure
For the Year Ended March 31, 2020**

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22.	Consolidated						
	Protective Services	Engineering Services & Streets & Roads	Environmental Health	Planning and Economic Development	Recreation, Cultural & Education	Administration and Other	2019
	2020	2020	2020	2020	2020	2020	2019
Revenues							
Property taxes	\$ 3,453,126	\$ 148,551	\$ 596,433	-	-	\$ 16,803,407	\$ 20,259,284
Grants in lieu of taxes	-	-	-	-	-	206,395	203,244
Services provided to other governments	49,026	-	-	-	-	-	40,033
Other revenue from own sources	103,472	2,191	914,060	327,799	630,571	2,529,717	3,091,306
Unconditional transfers from other govts	-	-	-	-	-	87,017	86,420
Conditional transfers from other govts	-	17,600	1,125,988	120,298	371,484	2,356,803	2,671,325
	3,605,624	168,341	2,636,481	448,098	1,002,055	21,983,339	26,351,613
Expenditures							
Salaries, benefits & other personnel costs	482,687	362,828	1,563	615,129	1,156,137	1,708,374	3,851,018
Interest	-	-	13,144	142,173	59,449	2,800	266,732
Materials, outsources and other operating	154,491	1,996,228	3,437,083	525,317	947,549	1,812,322	7,717,898
Amortization	2,557	177,282	433,928	65,623	716,170	45,502	1,461,063
Utilities	61,905	145,389	110,351	-	225,895	14,533	552,178
Rents	-	-	-	1,024	-	-	1,693
Grants	217,715	-	-	-	-	340,488	515,254
Fire area rates	3,391,766	-	-	-	-	-	3,216,131
Policing and corrections	3,318,568	-	-	-	-	-	3,289,315
Contributions to boards and agencies	-	-	-	-	-	-	-
Reduced taxes	-	-	-	-	-	170,240	148,891
	7,629,689	2,681,727	3,996,069	1,349,266	3,105,199	4,094,259	21,020,172
Annual surplus (Deficit)	\$ (4,024,066)	\$ (2,513,386)	\$ (1,359,588)	\$ (901,168)	\$ (2,103,144)	\$ 17,889,080	\$ 5,331,440

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 are reported for the purpose of recording activities that pertain to 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 police 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 administrator. 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 delivering 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 provides a number of services and leases space to the Canadian Reserve – Canadian Air Force Base. In addition, a new position was created, the Community Economic Development Officer, to assist in the development of a long-term perspective and plan for economic development within MODL. In addition, debt costs associated with long-term infrastructure are related to economic development and 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 payment-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

	2020 Actual	2019 Actual
Operating fund (schedule 1)	\$ 0	\$ 2,567,854
Capital fund (schedule 2)	27,908,880	20,556,333
Reserve fund (schedule 3)	25,855,722	23,146,150
Municipal Joint Service Board (note 16)	3,528,630	3,528,630
LCMPCC (note 3d)	15,023,022	15,529,557
	<u>\$ 72,316,255</u>	<u>\$ 65,328,523</u>

25. Comparative Figures

Certain 2019 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2020.

26. Subsequent Events

(a) COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has led to governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantines, and 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.

(b) 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, 2020, the undepreciated capital cost of the building was \$442,695.

(c) Prior-year Inter-fund Transfers

Transfers for the 2018-19 fiscal year were delayed due to COVID-19. Thus, these transfers were not made until June 2020. As a result, the balances in the “transfers between funds” accounts reflect two fiscal years.

Municipality of the District of Lunenburg
Schedule of Operating Financial Position
Schedule 1
For the Year Ended March 31, 2020

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	2020 Actual	2019 Actual
Financial Assets		
Cash and cash equivalents (note 4)	\$ 16,861,684	\$ 12,643,859
Taxes receivable (net of asset valuation allowances) (note 5)	1,649,601	1,788,359
Loan receivables (net of asset valuation allowances)	85,873	90,310
Due from other funds and consolidated entities	271,221	242,427
Other receivables (net of asset valuation allowances)	224,922	293,773
	<u>19,093,302</u>	<u>15,058,729</u>
Liabilities		
Accounts payable and accrued liabilities	2,201,165	741,891
Other liabilities		
Due to other funds and consolidated entities	14,666,243	8,452,101
Employee benefit obligations (note 13b)	332,817	301,092
Other liabilities	2,030,735	3,006,943
	<u>19,230,959</u>	<u>12,502,028</u>
Net Financial Assets	<u>(137,658)</u>	<u>2,556,699</u>
Non-Financial Assets		
Prepaid expenses	137,658	11,156
Accumulated Surplus	<u>\$ -</u>	<u>\$ 2,567,854</u>

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, 2020

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	2020		2019
	Budget	Actual	Actual
Revenues			
Assessable property taxes ¹	\$ 29,261,900	\$ 29,630,192	\$ 28,704,916
Grants in lieu of taxes	203,700	206,395	203,244
Services provided to other governments	53,500	49,026	40,033
Other revenue from own sources	1,593,000	3,088,194	1,879,845
Unconditional transfers from other governments	87,700	87,017	86,420
Conditional transfers from other governments	,000	141,406	54,532
Total Revenues	31,279,400	33,202,231	30,968,992
Expenditures			
General government services	4,969,100	4,048,757	4,109,274
Protective services ¹	8,101,600	8,060,668	7,679,091
Transportation services	1,496,300	2,504,445	1,341,505
Environmental health services	3,397,800	3,249,680	3,240,991
Public health services ¹	35,000	51,535	7,953
Environmental development services	1,714,300	1,283,643	1,030,397
Recreation and cultural services	1,777,900	1,637,202	1,467,235
Education ¹	8,143,600	8,143,605	8,002,151
Total Expenditures	29,635,600	28,979,536	26,878,598
Annual Operating Surplus	1,643,800	4,222,695	4,090,394
Financing and Transfers			
Debenture and term loan principal instalments	(999,900)	(999,848)	(999,848)
Transfers from (to) own reserves, fund and agencies	(554,100)	98,242	(1,216,701)
Change in Surplus after Financing & Transfers	89,800	3,321,089	1,873,845
Accumulated Surplus, Beginning of Year	2,567,854	2,567,854	2,513,498
Transfer Surplus to Operating Reserve	(83,000)	(5,888,944)	(1,819,488)
Accumulated Surplus, End of Year	\$ 2,574,654	\$ -	\$ 2,567,854

Note 1 - Assessable property taxes are reduced by Provincial transfers for corrections, regional housing and education in the consolidated financial statements.

Municipality of the District of Lunenburg
 Schedule of Capital Fund Financial Position
 Schedule 2
 For the Year Ended March 31, 2020

	2020 Actual	2019 Actual
Financial Assets		
Cash	\$ -	\$ 92,085
Receivables (net of asset valuation allowances)	749,088	1,389,403
Loan Receivables	498,255	234,837
Due from other funds	3,646,299	213,930
Assets held for resale	442,695	-
	<u>5,336,337</u>	<u>1,930,256</u>
Liabilities		
Bank overdraft	\$ 2,584,799	-
Payables	1,407,512	1,069,978
Due to other funds	-	26,014
Long-term debt (note 9a)	2,864,847	3,864,695
Other liabilities	1,614,589	1,530,462
	<u>8,471,747</u>	<u>6,491,149</u>
Net Debt	(3,135,410)	(4,560,893)
Non-Financial Assets		
Tangible capital assets (net of accumulated amortization) (note 10)	<u>31,044,290</u>	<u>25,117,226</u>
Net Assets	<u>\$ 27,908,880</u>	<u>\$ 20,556,333</u>

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, 2020

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	2020		2019
	Budget	Actual	Actual
Revenue			
Capital Contributions			
From federal and provincial governments	\$ 2,096,677	\$ 1,247,344	\$ 1,195,967
Gas Tax	2,104,000	2,352,655	1,214,141
From other municipal governments	-	-	5,000
Sundry	705,766	918,556	675,188
Gain on sale of assets	-	-	2,600
Total Revenue	4,906,443	4,518,556	3,092,896
Expenditures			
Write off of assets	-	-	414,024
Transfer to LCCF Trust	-	312,461	186,410
Change in Landfill Closure Liability	-	-	(178,060)
Change in Riveport School Liability	595,223	-	-
	595,223	312,461	422,374
Annual Capital Surplus	4,311,220	4,206,095	2,670,522
Financing and Transfers			
Amortization	(850,000)	(934,528)	(947,963)
Loan payments from operating fund	999,900	999,848	999,848
Transfers from own reserves, funds	9,669,757	3,081,132	(31,118)
	9,819,657	3,146,453	20,767
Change in Fund Balance	14,130,877	7,352,547	2,691,289
Beginning Balance	20,556,333	20,556,333	17,865,044
Ending Balance	\$ 34,687,210	\$ 27,908,880	\$ 20,556,333

Municipality of the District of Lunenburg
 Schedule of Reserve Fund Financial Position
 Schedule 3
 For the Year Ended March 31, 2020

	2020 Actual	2019 Actual
Financial assets		
Cash and cash equivalents (note 4)	\$ 15,278,865	\$ 15,278,865
Due from other funds	14,443,991	8,190,684
	<u>29,722,856</u>	<u>23,469,549</u>
Liabilities and Fund Balance		
Due to other funds	3,867,132	323,395
Net Financial Assets	<u>25,855,722</u>	<u>23,146,154</u>
Fund Balance		
Capital	5,742,154	7,653,749
Operating	20,113,569	15,492,401
	<u>\$ 25,855,722</u>	<u>\$ 23,146,152</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, 2020

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	Capital Reserve Actual	Operating Reserve Actual	2020 Actual	2019 Actual
Revenue				
Interest on savings	\$ 120,963	\$ -	\$ 120,963	\$ 90,004
Total Revenue	<u>120,963</u>	<u>-</u>	<u>120,963</u>	<u>90,004</u>
Expenditures				
Municipalities & other	-	-	-	-
Annual Reserve Surplus	<u>120,963</u>	<u>-</u>	<u>120,963</u>	<u>90,004</u>
Financing and Transfers				
Transfers (from) to own				
Capital Fund & Operating Fund	(2,032,558)	(1,267,779)	(3,300,337)	1,157,815
Operating Surplus Transfer	-	5,888,944	5,888,944	1,819,488
	<u>(2,032,558)</u>	<u>4,621,165</u>	<u>2,588,607</u>	<u>2,977,303</u>
Change in Fund Balance	<u>(1,911,595)</u>	<u>4,621,165</u>	<u>2,709,570</u>	<u>3,067,308</u>
Beginning Balance	<u>7,653,749</u>	<u>15,492,403</u>	<u>23,146,152</u>	<u>20,078,844</u>
Ending Balance	<u>\$ 5,742,154</u>	<u>\$ 20,113,569</u>	<u>\$ 25,855,722</u>	<u>\$ 23,146,152</u>

Schedule of Tax Sale Account - Assets and Liabilities

	2020 Actual	2019 Actual
Financial Assets		
Cash and cash equivalents	\$ 1,120,681	\$ 900,969
Tax Sale Surplus Liability	\$ 1,120,681	\$ 900,969

Schedule of Tax Sale Operations

	2020 Actual	2019 Actual
Revenue		
Tax Sale Surplus funds received	\$ -	\$ 125,588
Expenses		
Tax Sale Surplus payments	219,712	(96,200)
Change in Tax Sale Surplus	219,712	29,388
Beginning Tax Sale Surplus	900,968	871,580
Ending Tax Sale Surplus	\$ 1,120,681	\$ 900,968

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

TRUST FUNDS

FINANCIAL STATEMENTS

MARCH 31, 2020

DRAFT



**210 Aberdeen Road
Bridgewater, NS
B4V 2W8**

Independent Auditor's Report	B-1a, 1b
Statement of Financial Position.	B2
Notes to Financial Statements	B3-B5

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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, 2020, 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, 2020, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Bridgewater, Nova Scotia
September 15, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

Municipality of the District of Lunenburg
Trust Funds
Statement of Financial Position
For the Year Ended March 31, 2020

B-2

STATEMENT OF TRUST FUNDS RESERVES

	Burial Funds	School Lands	LCCF	March 31	
				2020 Actual	2019 Actual
Assets					
Cash	\$ 2,942	\$ 26,588	\$ -	29,530	\$ 29,530
Due from the District of Lunenburg	68	244	503,170	503,482	186,614
	<u>\$ 3,010</u>	<u>\$ 26,832</u>	<u>\$ 503,170</u>	<u>\$ 533,012</u>	<u>\$ 216,144</u>
Liabilities					
Due to the District of Lunenburg	\$ -	\$ -	\$ 4,299	\$ 4,299	\$ -
Accounts payable - schools	-	605	-	605	565
Reserves					
Trust funds reserves	3,010	26,227	498,871	528,108	215,579
Reserves and Liabilities	<u>\$ 3,010</u>	<u>\$ 26,832</u>	<u>\$ 503,170</u>	<u>\$ 533,012</u>	<u>\$ 216,144</u>

	(note 1) Burial Funds	(note 3) School Lands	(note 4) LCCF	Year Ended March 31	
				2020 Actual	2019 Actual
Reserves Detail					
Balance, beginning of year	\$ 2,942	\$ 26,227	\$ 186,410	\$ 215,579	\$ 29,107
Interest received on trust accounts	68	605	4,299	4,972	627
Funds received in trust	-	-	312,461	312,461	186,410
	<u>3,010</u>	<u>26,832</u>	<u>503,170</u>	<u>533,012</u>	<u>216,144</u>
Trust expenses	-	605	4,299	4,904	565
	-	605	4,299	4,904	565
Balance, end of year	<u>\$ 3,010</u>	<u>\$ 26,227</u>	<u>\$ 498,871</u>	<u>\$ 528,108</u>	<u>\$ 215,579</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 reporting period there is a significant 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.

Subsequent Event

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

	<u>2020</u>	<u>2019</u>
Distribution of funds		
Conrad, Ray	\$ 1,716	\$ 1,677
Smith, Everette	794	776
Wagner, Willis	<u>500</u>	<u>489</u>
	<u>\$ 3,010</u>	<u>\$ 2,942</u>

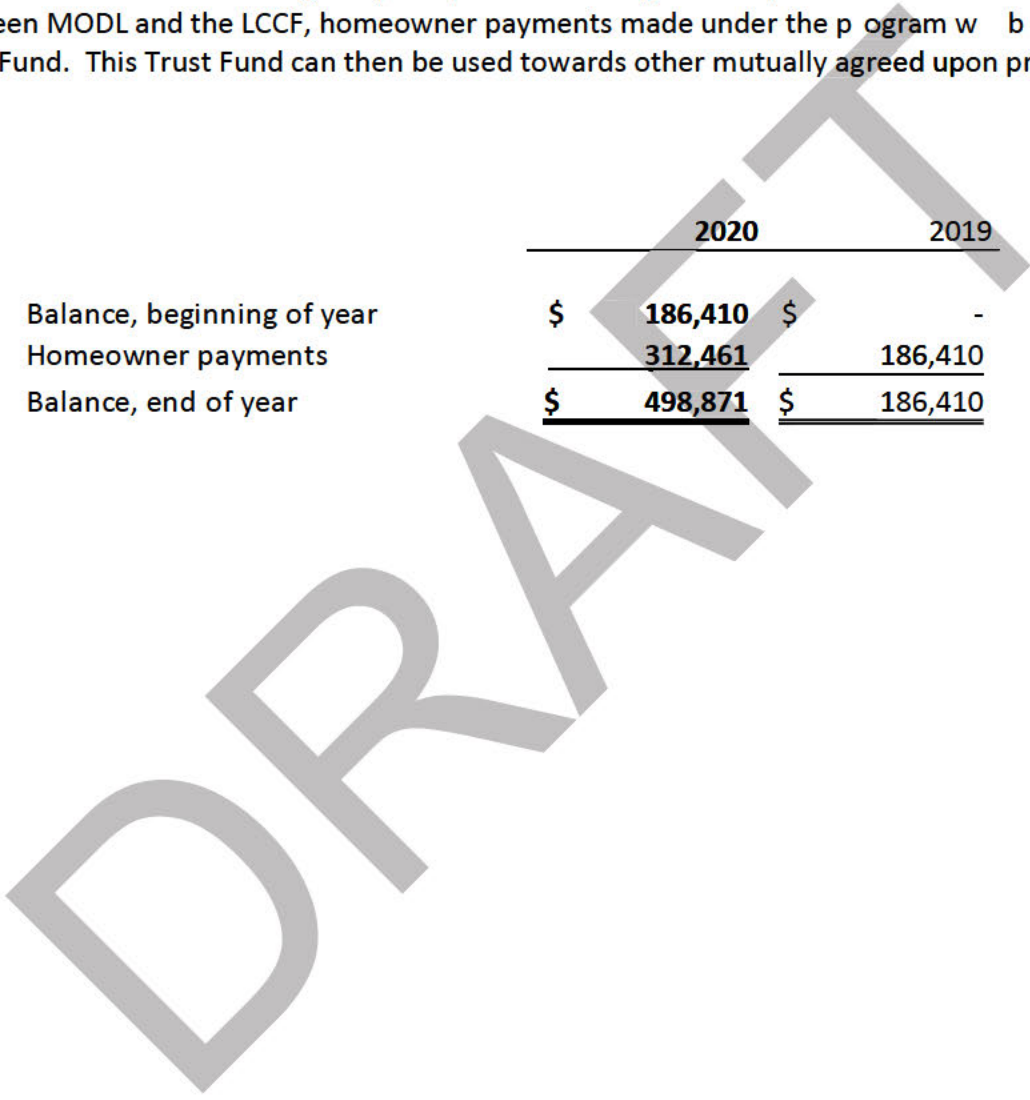
4. School Lands

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.

5. Lunenburg County Community Fund

The Municipality of the District of Lunenburg (MODL) is holding a trust fund in the amount of \$498,871 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 the Trust Fund. This Trust Fund can then be used towards other mutually agreed upon projects.

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 186,410	\$ -
Homeowner payments	<u>312,461</u>	<u>186,410</u>
Balance, end of year	<u>\$ 498,871</u>	<u>\$ 186,410</u>





Municipality of the District of Lunenburg

Report to Council

Report To: MUNICIPAL COUNCIL
Submitted By: Norma Schiefer, Municipal Development Officer
Date: September 17, 2020
Re: Request for the establishment of the "Rocky Lake Charge Area"

A request has been received from Dave Sutherland for the establishment of a charge area for the purpose of collecting private road maintenance fees.

The Municipality of Lunenburg's By-law, A By-law Respecting the Maintenance and Improvement of Private Roads, provides the opportunity for an individual to submit a request to Council for charges to be collected within a Charge Area.

The By-law outlines the process where the Municipality will notify landowners of the proposed charge area of the application, with opportunity for input, along with the date and time of the Council meeting where the application will be presented.

If Council is in agreement with proceeding with this application, the following motion is in order:

That Council forward the request for the establishment of the "Rocky Lake Charge Area" to staff for review and recommendation.

Norma Schiefer
Municipal Development Officer

Dave Sutherland
87 Kitpu Lane
Camperdown, NS B4V 9A1

BUILDING INSPECTION

AUG 1 2020

11 August, 2020

RECEIVED

Municipality of the District of Lunenburg - Council
210 Aberdeen Rd
Bridgewater, NS B4V 4G8

Subject: Request for the establishment of the "Rocky Lake Charge Area"

References: A. By-Law Respecting the Maintenance and Improvement of Private Roads adopted 9 June, 2020, promulgated 17 June 2020
B. Lot Plan for Rocky Lake Subdivision (attached)
C. Letter to Residents dated 10 June 2020 (attached)
D. Summary of Resident Responses (all received by email) (Attached)
E. Covenant for Rocky Lake Subdivision (Attached)

Dear MODL Council,

In accordance with the 2020 by-law respecting the maintenance and improvement of private roads (reference A) I hereby submit this request as an applicant requesting that a charge area be established for the community of Rocky Lake (to be named "Rocky Lake Charge Area), specifically consisting of the 20 lots in the subdivision that is built on Kitpu Lane and Pulowech Rd (See attached plot map attached at reference B). The road surface is approx. one kilometer long, has a poor road surface and has a significant defect in it that inhibits the passage of local fire trucks, this lack of consideration in construction and maintenance is currently causes a continued public safety issue continues to restrict access to critical fire emergency services, should their response be required.

I have lived in this subdivision for 9 years and to this date no association has been established because it has not been legally possible in accordance with the Societies Act given that the majority of landowners are from out of country and not present at any one time to establish an association. Further, any attempts on my part to work with the agent representing the developer have met with no indication of working cooperatively toward any form of resolution for the maintenance of the roads.

Currently there are two full time residents and three cottage properties that have structures established on the properties. To date any road maintenance that has been done has been the unfair financial burden of a few individuals, while all lot owners benefit from the road's continued upkeep.

I have contacted each lot owner through the contact information provided through NS Land Registries and they have been provided with a letter advising them of the state of the road and these intentions submitted in this letter today (attached at reference C).

Any received responses have been included (attached at reference D). As you can see from the attached comments, my proposal here today was generally favourably received there was willingness to move forward in this fashion. All other owners has not responded at the writing of this submission. No negative comments were received.

The intended actions of this submission are for the sole purposes of:

- a. ensuring emergency vehicle access for all lots; and
- b. maintenance of the existing infrastructure only.

There are no additional capital improvements neither permitted nor intended.

To provide an assessment of the issue, I approached Gerald Veinot Excavation as it is the closest quarry to determine the requirements to repair the defect in such a way as to allow better vehicle access for the fire apparatus and providing for a proper topping of 4 inches of class 'A' gravel to provide a stable surface to the road surface. The estimates are as follows (based on 2020 rates and are subject to change based on the time work is actually completed):

- a. Defect repairs approx \$1500+tax to fill and surface the anomaly (\$1725);
- b. To establish a 4" class a surface 9' wide for 1 km would be approx. 30 tandem loads of gravel at \$300/load plus tax (\$10350.00); and
- c. One lot owner has purchased a tractor and provided its use for seasonal resurfacing and winter plowing and will also be compensated for use of such tractor to cover, as a minimum, fuel costs and routine maintenance for this use. This cost is approx. \$500 per year.

The original covenants that were established by the developer (attached at reference E)), and each lot owner received with the purchase of their property, indicated that \$200 per lot per year was to be collect initially, but this was never done, nor an association established. Said amount was the responsibility of the developer for the first three years or until an association was formed. Unfortunately, this caveat was not enforced, and this caveat was clarified by the NS Small Claims Court to have essentially expired after the three-year period as no association was formed in that time. Additionally, the courts asserted that the developer has no remaining legal responsibility to continue with overall road maintenance management or fee collection.

I hereby propose that, since it is legally impossible to form an association at this time due to the inability to get enough owners from abroad together to establish and association, that a new Charge Area be established and that the following tiered assessment be established as permitted by the new by-law:

1. Any lot owner who currently has title of a lot but has no structure yet established on that lot be assessed a yearly fee of \$100.
 - a. This represents only half of the original fee set about in the covenant.

- b. It takes into consideration that there is less use but an equal entitlement to any and all parts of the road (not just to your house but to visit your neighbour and to the lake access right of way).
 - c. It benefits the value of every property to have access properly maintained.
- 2. Any lot owner that utilizes their lot as a seasonal residence be assessed at the rate of \$200 as per the original covenant.
 - a. This reflects and increased use of the road by owners, guests, utilities services, etc.
 - b. It also reflects the fact that roads must be cleared in the winter for insurance purposes on structures.
- 3. Any lot owner who resides here as a permanent year-round resident be assessed \$300.
 - a. This fee reflects the fact that added wear and tear is placed on the road as it is used more often.

It is requested that these assessments be collected by the MODL during the tax collection, subject to the associated administration fee. Given the current state of development, this would provide the following assessment:

- a. 15 lots at \$100/year (Lots 1,2,4,6,7,9,11, and 13 to 20 inclusive)
- b. 3 lots at \$200/year (Lots 3, 5 and 12)
- c. 2 lots at \$300/year (Lots 8 and 10)

This would provide an annual fee of \$2700 for road maintenance. Less 5% for the MODL administration costs (\$135) leaves \$2565 per year to invest in the road maintenance. Any such fees collected will be administered solely for the purpose of the maintenance of the roads in the proposed charge area and would be financially accounted for in a separate account established for such purposes and all documented accordingly and be made available for any lot owners inspection should it be requested.

Given that the total estimated cost for the necessary maintenance based on the above figures is \$12,075 plus annual plowing it will take a minimum of six years to repair the road and establish a decent road surface. This does not take into account any other such unforeseen factors which may extend that time frame. It may take time, but it is both feasible and does not place an unnecessarily excessive financial burden on any lot owner and seems reasonable given the length and condition of the private roads in the proposed charge area. It does not, however, fix the issue in one year nor does it allow for a general reserve until such time as the maintenance to the entire road system is complete. The priorities for these funds are as follows:

- 1. To ensure all emergency vehicles are able to gain year-round access to the full lengths of Kitpu Lane and Pulowech Rd.
- 2. To ensure that any weak/soft spots on the road(s) are surfaced with sufficient material to address such issues.
- 3. To provide for snow plowing when necessary.

4. To systematically, in sections as funds permit, add gravel to the surface of the road to ensure that the entire road surface is properly maintained.
5. To ensure adequate drainage from running water away from the road surface.
6. To ensure that any natural encroachments are cut back so as not to impede access to the road infrastructure.

To not move forward with the establishment of the charge area, the non-performance of road maintenance is likely to cause a continued public safety issue as it would continue to restrict access to critical fire emergency services should they be required, and should the road surface not be maintained it would over time restrict access to all vehicular traffic. It would also further continue to see the financial burden of road maintenance distributed unevenly amongst the landowners within the proposed Charge Area.

At such time as the number of lot owners permits the legal establishment of an association, any such association will immediately take responsibility for all administrative and financial matters related to the maintenance of road as per the by-law.

I have established an email account RockyLakeChargeArea@outlook.com for the purposes of managing any electronic communication that is for the purposes of administering the proposed charge area. I commit to working with the other lot owners as per the intent of this submission for the mutual benefit of the community.

Respectfully submitted by,



Dave Sutherland

(On behalf of the proposed "Rocky Lake Charge Area")

Dave Sutherland
87 Kitpu Lane
Camperdown, NS B4V 9A1

10 June 2020

Dear Rocky Lake Subdivision Lot Owners,

I am writing to you as your neighbour and a resident of the Rocky Lake subdivision (which includes all lots on Kitpu Lane and Pulowech Road) in which we all own lots. Since its inception, this subdivision has existed with minimal upkeep and, although required as part of the Covenants that were provided at the time of sale, no fees have been collected nor association established for the maintenance of the road in this subdivision.

As a result of this neglected maintenance and poor construction, the road has already washed out in two locations where it required two culverts to be installed and drainage ditches to be dug to redirect the surface water off the road. Some "class A gravel" surface material has also been provided to help stabilize the road surface somewhat, but the fact is that this financial cost was originally meant to be a cost shared by all lot owners as per the covenants and not be a burden on just a select few individuals.

In the past we have not been able to establish an association for this subdivision due to legal reasons. The past by-law required at least 66.6% of the lot owners to be present at a meeting establishing the association and making application for the collection of fees for the care and maintenance of the road. As the majority of residents are from abroad and not here at the same time it has made this impossible. Recently the municipality has reduced that in the new bylaw to over 50%, however that still does not solve our initial problem. Fortunately though, the provision of a new caveat does.

The municipality has established in the new by-law a provision that now allows for the establishment of a charge area on application by a resident under very strict and specific circumstances. Although there are a number of extenuating circumstances that apply to this subdivision, the most critical is the fact that the road in its present state does not allow for the unrestricted access to the local fire department's fire trucks that would have to access the entire subdivision in the case of a fire. The fire department tried to get a truck through for a practice and it would not make it over one of the hills in the road in its present state.

It is my intention therefore, to apply as an applicant for the establishment of a charge area for the collection of road maintenance fees on behalf of the community.

In the original covenant we were all to be assessed at a rate of \$200 per lot per year which should have meant \$4000 per year for road maintenance and any other issues deemed necessary by an established lot owner's association. This fee has not been collected, nor are we in a legal position to establish an association under the current provisions unless we can get enough lot owners to be present here at one time to do so. This has meant that the road maintenance has not been carried out on a regular basis and therefore something needs to be done to correct that fact.

Given the above history and the new bylaw provision, I intend to request that fees be levied in a way that better reflects the use and benefit that each lot owner receives and still respects the original intent of the covenant as follows:

1. All lot owners who currently who are listed on the title of a lot but where this lot has no structure yet established on that lot would be assessed a yearly fee of \$100.
 - a. This represents only half of the original fee set about in the covenant.
 - b. It takes into consideration that there is less use but an equal entitlement to any and all parts of the road (not just to your house but to your neighbour and to the lake access right of way).
 - c. All lot owners benefit as it affects the value of the property to have access properly maintained.
2. Any lot owner that utilizes their lot as a seasonal residence be assessed at the rate of \$200 as per the original covenant.
 - a. This reflects and increased us of the road by owners, guests, utilities services, etc.
 - b. It also reflects the fact that roads must be cleared in the winter for insurance purposes for emergency access to the structures.
3. Any lot owner who resides here as a permanent year-round resident be assessed \$300.
 - a. This fee reflects the fact that added wear and tear is placed on the road as it is used more often.

The institution of the charge area will ensure that the road will be maintained and that emergency vehicles, along with all residents, will be able to have unfettered access to their respective properties year-round. No one resident is left being responsible for the care and maintenance of the road infrastructure and we all benefit. This is the intent of the original covenant but limited given the previous legal restriction.

The proposed assessment schedule would provide \$2565 (\$2700 based on present lot development less 5% collection fee from the Municipality for collection of funds through the current property tax system). This amount would not immediately correct every issue with the road, but over an approx. six-year time frame it would provide enough funds to see the continued maintenance of the current infrastructure given the following information:

The road surface is approx. one kilometer long and has one significant defect in it that inhibits the passage of local fire trucks, should their response be required. I approached Gerald Veinot Excavation as it is the closes quarry to determine the requirements to repair the defect in such a way as to allow better vehicle access for the fire apparatus and providing for a proper topping of 4 inches of class 'A' gravel to provide a stable surface to the road surface. The estimates are as follows:

- a. Defect repairs are approx. \$1500+tax to fill and surface the anomaly (\$1725);
- b. To establish a 4" "class A gravel" surface 9' wide for 1 km would be approx. 30 tandem loads of gravel at \$300/load plus tax (\$10350.00)
- c. One lot owner has purchased a tractor and has allowed us to use it for seasonal resurfacing and winter plowing and should also be compensated for use of the tractor to cover, as a minimum, fuel costs and routine maintenance (\$500/yr). Note, in the past we contracted winter plowing that cost \$150 per plow for the road and usually totalled \$1000-1500+tax per year, which means we save \$500-\$1000 per year now.
- d. I bought a back blade for the tractor for grading and a brush cutter for clearing the edges of the road which I do currently on my own time and expense.

The initial funds would be used to correct the surface anomalies that restrict the access of the fire trucks. And funds remaining would be used for surface maintenance. This maintenance includes gravel for the surface and plowing the main roadway for access when such weather dictates. The total maintenance projections mean that it will take at least six years to provide what is necessary to bring the road up to a decent maintainable condition.

In the future, when we can get over 50% of the lot owners present to form an association, this charge area must be amended to a legal community association to meet the needs at the time based on the consensus of the majority present. At that time the Association would have the responsibility of the road maintenance and any other community related matters within its mandate. Until that time, we are restricted to maintenance measures to keep the road legally passable. I am open to constructive input and ideas that will provide for the care and maintenance of the road in the Rocky Lake Subdivision. This is our community and I would like to see us come together for its sake, but in the meantime, the access for emergency vehicles is a priority that must be addressed. In this case status quo is not an option. I am simply willing to act as the voice of the community until we can come together as an association.

I will be taking all of this to the Municipality for approval. Any responses received within 60 days of the date of this letter will be included in the submission. If this submission is accepted by council, you will also receive a letter from them as part of the process at

which time you have yet another opportunity to provide feedback before the final approval process.

I look forward to hearing from each of you and meeting you all at some point. Should you wish to contact me by email, I have created an email account specifically for the community (RockyLakeChargeArea@outlook.com). I have also included below the contact information for each lot owner that was provided through the Nova Scotia Registry of Deeds for complete transparency and everyone is receiving the same letter.

Yours sincerely,

Dave Sutherland
(email: RockyLakeChargeArea@outlook.com)

Distribution

Lots 1,13, 14,16, 17, 18, 19, 20 and 1000(the road itself)

[Redacted]

Lot 2

[Redacted]

Lot 3

[Redacted]

Lot 4

[Redacted]

Lot 5

[Redacted]

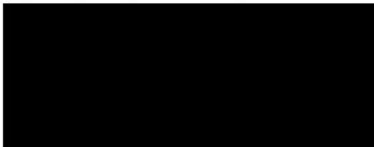
Lot 6



Lot 7



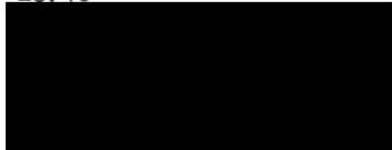
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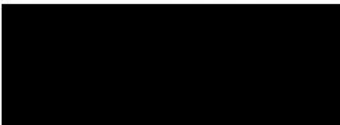
Lot 9



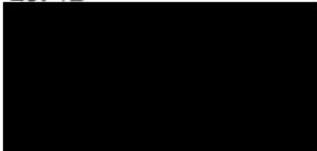
Lot 10



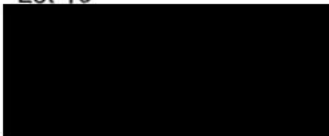
Lot 11



Lot 12



Lot 15



Summary of Resident Responses

(in order received: Lot 10, Lot 12, Lot 11, Lot 4, Lot 15, Lot 5 and Lot 3)

Below is the verbatim content of the emails that were received up to 11 Aug 2020 in response to the proposal sent to all lot owners regarding the charge area. Including myself there are eight positive responses. No negative responses were received.

Dave Sutherland

[REDACTED]
Wed 2020-06-10 9:39 AM

Looks great to me! I wonder if there will be push back from Krauss as they own a good chunk of the community.

Once an association is formed, what happens to lot 1000? Would it make sense for the association to own it as well? I wonder what that would entail.

[REDACTED]
Thu 2020-06-11 4:22 AM

Super and thank you or your efforts

[REDACTED]
Tue 2020-06-23 9:59 AM

Dear Mr. Sutherland,

my husband and I do see the necessity of finding a solution for the road problems at Kitpu Lane. We are willing and able to pay 100 CAD per year on behalf our [REDACTED] at Kitpu Lane.

Sincerely yours,

[REDACTED]

Summary of Resident Responses

(in order received: Lot 10, Lot 12, Lot 11, Lot 4, Lot 15, Lot 5 and Lot 3)

[REDACTED]
Mon 2020-07-06 12:19 PM

[REDACTED]
we are [REDACTED] the Owner of [REDACTED], and we want to thank you for all your information written in your letter.

We know that all lot owners should pay \$200 per lot and year, but when we made the contract with 3019258 Nova Scotia Ltd. in 2006 the Haendel Family told us that they would let us know how to proceed in future because we have been the first lot owners of the Rocky Lake Subdivision so there was noone else to establish an association. In 2012 when we have been the last time in Nova Scotia we had a meeting with the Haendel Family and at that time they were looking for a manager for the subdivision. In June 2017 we paid for the first time an unique amount of \$550 to Isolde and Friedrich Haendel for roadwork, but we do not know what exactly had to be done and we never got any billing or information what the money was used for. We also did not even know that the Haendel Family is not involved anymore and the Krauss Innovation Ltd. has taken over the lots.

Now to the problem itself: we agree with your suggestion and you will have our support. We won't come to Nova Scotia in the future and we intend to sell our lot. Maybe you know somebody with interest? We hope you will get positive answers to your suggestion. Would you please let us know the mail addresses of the other lot owners if available?

Best regards from Germany
[REDACTED]

[REDACTED]
Tue 2020-07-07 2:52 PM

Dear [REDACTED]

thank you for your letter. We like your idea that you are/will managing the subdivison as good as you can. We agree to pay 100 dollar/year. Please let us know the details for the pay cheque. We hope the other owners agree to your suggestion as well.

For your information, our current mail address is as follows:

[REDACTED]

Summary of Resident Responses
(in order received: Lot 10, Lot 12, Lot 11, Lot 4, Lot 15, Lot 5 and Lot 3)

[Redacted]

Mon 2020-08-10 7:26 AM

Dear Mr Sutherland,

Thank you very much for your letter of 10.06.2020.

We think it is basically a good idea for all of you property owners to participate in the maintenance of the roads. In 2015 and 2017 we will have the road to our property (already repaired by the company Händel) at our own expense.

We also find the division into permanent users, partial use and non-use correct. Our house at Rocky Lake would therefore correspond to a partial use for vacation purposes. Please keep us up to date on how the further procedure will be.

You are welcome to contact us via the email address [Redacted]

With kindest regards

[Redacted]

[Redacted]

Tue 2020-08-11 9:05 AM

Hi Dave,

sorry that i give my feedback so late.

Thank you for your endeavor that the roads stay good at Rocky Lake.

I agree in all things.

Please give me the bank details. I can make a bank transfer whenever you want.

We want to travel to Rocky Lake as soon as possible.

Warm regards

[Redacted]

SCHEDULE 'A'**PID NUMBER 60647807**

Place Name: CAMPERDOWN ROAD CAMPERDOWN

Municipality/County: MUNICIPALITY OF DISTRICT OF
LUNENBURG/LUNENBURG COUNTY

Designation of Parcel on Plan: LOT 8

Title of Plan: S/D SHOWING LOTS 1-20 & 1000 PROPERTY OF 3019258 NOVA
SCOTIA LTD AT CAMPERDOWN ROAD CAMPERDOWN

Registration County: LUNENBURG COUNTY

Registration Number of Plan: 86833572

Registration Date of Plan: 2006-12-12 13:42:31

BENEFIT:

TOGETHER WITH a free and unobstructed right of way at all times and for all purposes including the right to place, maintain, and repair electrical poles, related overhead electrical wires, telecommunication wires, anchors and guys, to be used in common with 3019258 Nova Scotia Limited and other persons entitled to use said right of way over Lot 1000 (PID 60295516) which said lot 1000 includes Kitpu Lane, Pulowech Road and 66 foot wide access to Rocky Lake, as by reference to plan of subdivision herein before named will more fully appear.

BURDEN:

SUBJECT TO a reservation therefrom nevertheless to the Grantor, 3019258 Nova Scotia Limited, its successors and assigns, for a 20 foot wide easement along the Southern sideline of Kitpu Lane for the transmission of electrical power and electronic telecommunications and including all necessary poles, guys, wires and associated equipment, as by reference to the Plan of Subdivision hereinbefore named will more fully appear.

BURDEN:

SUBJECT TO an Easement in favour of Allant Telecom Inc., dated August 28, 2007 and recorded at the Lunenburg County Registry of Deeds on October 2, 2007 as Document Number 88950283.

BURDEN:

SUBJECT TO an Easement in favour of Nova Scotia Power Inc., dated August 28, 2007 and recorded at the Lunenburg County Registry of Deeds on October 2, 2007 as Document Number 88950333.

BURDEN:

SUBJECT TO Restrictive Covenants attached hereto as Schedule "B".

The parcel originates with an approved plan of subdivision that has been filed under the Registry Act or registered under the Land Registration Act at the Land Registration Office for the registration district of Lunenburg County as plan or document number 86833572.

SCHEDULE "B"
RESTRICTIVE COVENANTS

The Purchaser covenants and agrees with 3019258 NOVA SCOTIA LIMITED to observe and comply with the following restrictions made pursuant to a building scheme established by 3019258 NOVA SCOTIA LIMITED with respect to the lands owned by 3019258 NOVA SCOTIA LIMITED at Rocky Lake, Camperdown, Lunenburg County, Nova Scotia, being the subdivision.

The lands to which these restrictive covenants shall apply (hereinafter called the "lands") include the lot(s) conveyed in the within instrument. 3019258 NOVA SCOTIA LIMITED and the Purchaser do hereby covenant and agree with each other that it is the intention that the burden of these covenants shall run with the land forever and shall run with each of the lots and the other lands in this subdivision to which these restrictions are attached, and that the land conveyed in the within instrument, or any part thereof, shall not be used without observing the following conditions and covenants:

1. The Purchaser covenants and agrees with 3019258 NOVA SCOTIA LIMITED that the Purchaser shall not sell, convey, assign or otherwise dispose of the lot(s) conveyed in the within instrument without requiring the purchaser or recipient to execute covenants and restrictions, provisos and agreements identical to those contained herein. Notwithstanding any failure of the Purchaser to do so, the covenants and agreements, provisos and restrictions shall be deemed to be binding on the purchaser or recipient.
2. 3019258 NOVA SCOTIA LIMITED and the Purchaser do hereby covenant and agree with each other and any owner of the lands or part of the lands to which the burden and benefit of the following stipulations, regulations, restrictions and provisos are attached that no part of the lands shall be used unless the use complies with the within restrictions which, in conjunction with any Municipal by-law, regulation or law, shall form the regulatory basis for construction in the subdivision.
3. No part of the lands herein conveyed shall be used to construct buildings for use other than residential or for recreational purposes in connection with residential use.
4. No part of the lands herein conveyed shall be used for commercial/industrial purposes such as the establishment of any factory, production plant or industrial enterprise or commercial outlet.

RESTRICTIVE COVENANTS CONTINUED
PAGE 2

- 5. No part of the lands herein conveyed shall be used for the erection or placement of any trailer or mobile home.

- 6. No part of the lands herein conveyed shall be used by anyone unless that person becomes a member of the Lot Owners' Association when it is formed. The owner(s) of the land(s) of each lot(s) conveyed herein shall pay an annual fee to the Lot Owners' Association for the maintenance and upkeep of the road in the subdivision, Rocky Lake so called, in an amount to be determined year to year by a majority vote of the Lot Owners' Association. The fee is to be paid once a year by December 31st and shall be transferred into a bank account which shall be established by the Lot Owners' Association. The Lot Owners' Association shall be formed and constituted in such a way that the owner(s) of each subdivided and approved lot are entitled to one vote for each lot(s) owned; **PROVIDED HOWEVER** that the fee shall be payable to the Vendor to a bank account designated by the Vendor until the Lot Owners' Association shall be formed and that the fees shall not exceed \$200.00 per lot per year for three years following the conveyance of the lands herein conveyed.

- 7. To the intent that the burden of these restrictions shall run with the land forever, the Purchaser, or if more than one Purchaser, the Purchasers, for himself or themselves and his or her representatives and assigns, covenant and agree with the Vendor that their successors in title from time to time of all or any part of the land(s) will observe and comply with the stipulations, restrictions and provisions set forth in this Schedule. Notwithstanding anything contained herein, the Vendor, its successors and assigns, shall have the power by instrument or instruments in writing from time to time to waive, alter

or modify the above covenants and restrictions and their application to any lot(s) or parcel(s) of land within the subdivision. The Vendor shall likewise have the power by instrument in writing from time to time to assign all or any part of its rights.

IN WITNESS WHEREOF the parties have signed on this 27th day of May, 2008.

) _____)
) Purchaser)
) _____)
) Purchaser)
) _____)
 Matthias Händel / authorized representative