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**Audit Committee Meeting Agenda**  
**MODL Council Chambers, 10 Allée Champlain Drive, Cookville**  
**and Via Video/Audio Conferencing**  
**September 20, 2022 – 8:30 a.m.**

- 1. Call to Order**
- 2. Nomination and Election by Ballot – Chair and Vice Chair**  
**[Audit Committee Terms of Reference Section 3.4]**
- 3. Approval of Agenda**
- 4. Approval of Minutes of July 5, 2022 (as circulated)**
- 5. Management Letter ..... 1-2**
- 6. Internal Control Letter .....3**
- 7. Treasurer’s Report .....4-6**
  - a. Annual cost variances in comparison to budget
  - b. Review of the Consolidated Financial Statements (see item #7 for reference details)
  - c. Review of the Hospitality and Expenses of Reportable Individuals
  - d. Review of Trust Fund Statements
  - e. Compliance
- 8. Draft Audited Financial Statements year ended March 31, 2022 .....7-67**
- 9. Draft Financial Condition Indicators 2021 .....68-71**
- 10. Next Meeting**
- 11. Adjournment**



PO Box 29 Item: 5.0  
11 Dominion St  
Bridgewater NS B4V 2W6  
Canada

Tel: 902-543-4278  
Fax: 902-543-1818  
bridgewater@bvca.ca  
www.bvca.ca

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September 20, 2022

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

Dear Mayor Bolivar-Getson:

We have completed our audit of the Municipality of the District of Lunenburg for the year ended March 31, 2022. We wish to provide you with the following comments.

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

The Municipality chose to not early adopt PS 3280 Asset Retirement Obligations, a new accounting standard in the current year. For the year ending March 31, 2023, the Municipality will have to adopt this new standard. The change in the standard focuses on the retirement of tangible capital assets. The finance department and engineering department are actively working on this for next year's financial statements.

We commend management on its proactive approach to evaluating threats, updating policies, updating procedures and following the policies and procedures in place. Fraudulent vendors, inappropriate expense reports, and credit card expenses have all been in the media recently so it is essential the policies and procedures put in place maintain the financial integrity of the Municipality.

The primary purpose of our examination is to enable us to form an opinion on the consolidated financial statements of the Municipality of the District of Lunenburg for the year ended March 31, 2022. We reviewed and tested the Municipality's financial system and related accounting controls to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Our study and evaluation with respect to these financial systems was not designed for the purpose of expressing an opinion on the internal accounting control, and it would not necessarily disclose all weaknesses in the system.

Municipality of the District of Lunenburg

September 20, 2022

Page 2

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

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

Yours very truly,

Paul F. Belliveau, FCPA, FCA  
Partner

PFB/dmc

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

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September 20, 2022

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

Dear Mayor Bolivar-Getson:

In connection with the audit of the Municipality of the District of Lunenburg (the “Municipality”) financial statements for the year March 31, 2022 then ended, the Canadian Auditing Standards require that we advise management and the audit committee (hereinafter referred to as “those charged with governance”) of the following internal control matters identified during our audit.

### **Our responsibilities**

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

### **Foreign currency**

In the prior year we identified the requirement for a policy concerning US dollar payments. We are pleased to report that a policy has been put in place to receive foreign currency at par, which has almost eliminated foreign exchange risk to the Municipality.

Yours very truly,

Paul F. Belliveau, FCPA, FCA  
Partner

PFB/dmc

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

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**Municipality of the District of Lunenburg**  
**Treasurer's Report**  
**For the Year Ended March 31, 2022**

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This report provides a summary of the audited consolidated financial statements for the year ending March 31, 2022 for the Municipality of the District of Lunenburg (the "Municipality").

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

The consolidated financial statements have been audited by Belliveau Veinotte Inc., who have expressed their opinion that these statements present fairly, in all material aspects, the financial position of the Municipality as at March 31, 2022.

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

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

**Consolidated Statement of Financial Position - Page A-2**

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

The Municipality was able to invest in assets by leveraging funding from other levels of government and using its own reserves with no capital borrowing. This results in a net financial asset on this statement which increases the accumulated surplus.

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

Operating fund	\$	-
Capital fund		40,576,992
Reserve fund		23,920,902
Municipal Joint Services Board		3,528,630
Lunenburg County Multipurpose Corporation		14,109,522
		<u>\$ 82,136,049</u>

## Consolidated Statement of Operations - Page A-3

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

The Consolidated Statement of Operations shows an annual surplus for fiscal 2022 of \$4,401,178 with a budgeted surplus of \$1,389,478. The variance of \$3,011,701 consists of the following:

Description of Variance	Variance Amount	Budget	Actual
<b>Revenue</b>			
Assessable property taxes	\$ 1,612,441	\$ 21,829,900	\$ 23,442,341
Grants in lieu of taxes	26,019	224,600	250,619
Services provided to other governments	(7,676)	67,800	60,124
Licenses, permits, fines, rentals & recoveries	12,088	323,400	335,488
Interest, administration & tax sale fees	90,947	583,300	674,247
Tax sale surplus & other Finance	8,297	94,600	102,897
Economic Development grants & VIC	(9,103)	52,600	43,497
Sale of Services & other revenue	29,107	110,100	139,207
Open Space & user connection fees	42,693	50,000	92,693
Recreation fees	(16,409)	70,900	54,491
Sale of Capital Assets/Donated Assets	-	-	-
Gas Tax revenue & Federal & Provincial Grants	(807,022)	5,093,824	4,286,802
LaHave Straight Pipe Resident and LCCF Recoveries	657,770	100,000	757,770
LCLC consolidated revenue	(82,867)	466,821	383,954
<b>Total Revenue</b>	<b>1,556,288</b>	<b>29,067,845</b>	<b>30,624,133</b>
<b>Expenditures</b>			
Council & Other Legislative Services	(79,821)	553,400	473,579
Council Approved Contingency	(60,270)	80,000	19,730
Valuation Allowance	(151,057)	172,100	21,043
Grants to Organizations	145,910	742,200	888,110
Other Administrative Services	(570,573)	4,437,600	3,867,027
Protective Services	(89,776)	8,268,100	8,178,324
Roads & Streets	(966,392)	2,160,100	1,193,708
Street Lighting	9,895	152,000	161,895
Other Engineering Services	(175,142)	636,600	461,458
Fuel Rebate on Garbage Collection Contract	(198)	-	(198)
Tipping Fees and other Waste Disposal	(97,778)	2,518,350	2,420,572
Sewage Treatment	25,739	643,400	669,139
Other Environmental Health Services	(84)	1,100	1,016
Planning, Zoning and Economic Development	(186,648)	1,319,900	1,133,252
ISP Project	-	1,500,000	1,500,000
Recreation & Cultural Services	48,606	2,434,850	2,483,456
Depreciation of Capital Assets	708,628	850,000	1,558,628
<i>Write off of Capital Assets</i>	<i>127,501</i>	-	<i>127,501</i>
LCLC consolidated expenditures	(268,514)	1,208,668	940,155
Transfer to LCCF Trust Fund	124,558	-	124,558
Change in Landfill Liability	-	-	-
<b>Total Expenditure</b>	<b>(1,455,414)</b>	<b>27,678,368</b>	<b>26,222,954</b>
<b>Surplus (deficit)</b>	<b>\$ 3,011,701</b>	<b>\$ 1,389,478</b>	<b>\$ 4,401,178</b>

## **Consolidated Statement of Cash Flows - Page A-4**

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

## **Consolidated Statement of Changes in Financial Net Financial Assets - Page A-5**

This statement is required under the PSAB reporting standard. It explains the change in net financial asset as a result of annual operations, transactions in tangible capital assets and changes in other non-financial assets such as prepaid expenses and inventories. The Municipality is in a strong financial position. It has increased its net financial asset buy \$2.606 M. Accumulated surplus has decreased to \$4.401 million from \$5.418 million in the prior year.

## **Hospitality and Expenses of Reportable Individuals - Note 18 (page A-31)**

The Audit Committee must review the annual hospitality and expenses of reportable individuals. Reportable individuals are defined as the Mayor, Councillors and the CAO. Remuneration and all expenses must be reported. These can be found on page A-31. The Municipality does not have any hospitality expenses to report in 2021-22.

## **Trust Fund Statements - Page B-2**

The Trust Fund financial statements are prepared in accordance with the Canadian accounting standards for not-for-profit organizations. It includes funds that have been entrusted to the Municipality. Specifically, there are burial funds in the amount of \$3,120 held for three residents of Riverview Enhanced Living (Note 3); a School Lands trust in the amount of \$26,227 representing MODL's interest for NGRHS and PVEC (Note 4) , and \$1,000,000 for funds donated by Lunenburg County Community Fund (Note 5).

## **Compliance**

The Audit Committee must review the municipality's compliance with statutory and regulatory obligations within the Committee's area of responsibility. Reviewing the audited financial statements, annual budget variances, expenses for reportable individuals and hospitality expenses meet this obligation. As well, staff can report that all mandatory reporting to the Province (Annual Expenditure Report, Capital Investment Plan, Statement of Estimates, Financial Information Return) have been submitted by required deadlines.

**MUNICIPALITY OF THE DISTRICT OF LUNENBURG**

**FINANCIAL STATEMENTS**

**MARCH 31, 2022**

DRAFT



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



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Trust Funds Financial Statements

B

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**MUNICIPALITY OF THE DISTRICT OF LUNENBURG**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022**

DRAFT



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

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**MUNICIPALITY OF THE DISTRICT OF LUNENBURG**

Consolidated Financial Statements

Year ended March 31, 2022

**Management’s Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Municipality of the District of Lunenburg (the “Municipality”) are the responsibility of the Municipality’s management and have been prepared in compliance with legislation, and in accordance with the Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of CPA Canada. A summary of the significant accounting policies is described in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management’s judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

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Tom MacEwan  
Chief Administrative Officer

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Elana Wentzell, CPA, CMA  
Director of Finance

September xx, 2022

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## INDEPENDENT AUDITOR'S REPORT

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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, 2022 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, 2022, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibility for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Bridgewater, Nova Scotia  
September 20, 2022



REGISTERED MUNICIPAL AUDITORS  
CHARTERED PROFESSIONAL ACCOUNTANTS

**Municipality of the District of Lunenburg  
Consolidated Statement of Financial Position  
As at March 31, 2022**

**A – 2**

	<b>2022</b>	2021
	<b>Actual</b>	Actual
<b>Financial Assets</b>		
Cash and cash equivalents (note 4)	\$ 30,420,310	\$ 26,389,938
Taxes receivable (net of asset valuation allowances) (note 5)	1,375,176	1,352,491
Other receivables (net of asset valuation allowances) (note 6)	2,616,811	3,014,743
Investment in Municipal Joint Service Board (note 16)	3,528,630	3,528,630
Assets held for resale (note 10 a)	80,971	425,288
	<b>38,021,898</b>	34,711,089
<b>Liabilities</b>		
Bank Loan (Overdraft)	137,907	912,878
Accounts payable and accrued liabilities	1,657,674	1,637,480
Long-term debt (note 9 a)	-	640,000
Other liabilities		
Payable to other governments	3,152,494	2,114,796
Employee future benefit obligations (note 13 b)	474,466	458,505
Other (note 7)	5,179,045	4,133,628
	<b>10,601,585</b>	9,897,287
<b>Net Financial Asset</b>	<b>27,420,313</b>	24,813,803
<b>Non-Financial Assets</b>		
Tangible Capital assets (net of accumulated amortization) (note 10)	54,512,867	52,773,437
Prepaid expenses	202,869	147,628
	<b>54,715,736</b>	52,921,066
<b>Accumulated Surplus (note 24)</b>	<b>\$ 82,136,048</b>	\$ 77,734,868

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, 2022**

**A – 3**

	<u>2022</u>		<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Assessable property taxes <sup>1</sup> (note 12)	\$ 21,829,900	\$ <b>23,442,341</b>	\$ 22,217,433
Grants in lieu of taxes	224,600	<b>250,619</b>	203,872
Services provided to other governments	67,800	<b>60,124</b>	66,308
Other revenue from own sources (note 12 a)	1,763,421	<b>2,490,305</b>	3,317,559
Unconditional transfers from other governments	88,300	<b>93,940</b>	90,670
Conditional transfers from other governments (note 12 a)	5,093,824	<b>4,286,802</b>	4,430,967
	<u>29,067,845</u>	<u><b>30,624,133</b></u>	<u>30,326,808</u>
<b>Expenditures</b>			
General government services	6,034,441	<b>5,487,099</b>	4,863,795
Protective services	8,268,100	<b>8,178,324</b>	7,801,180
Transportation services	3,119,772	<b>2,130,754</b>	3,275,450
Environmental health services	3,655,502	<b>4,118,453</b>	4,319,558
Environmental development services	2,894,211	<b>2,769,515</b>	1,510,000
Recreation and cultural services	3,706,342	<b>3,538,810</b>	3,138,212
	<u>27,678,368</u>	<u><b>26,222,955</b></u>	<u>24,908,195</u>
<b>Annual Surplus</b>	1,389,478	<b>4,401,178</b>	5,418,613
<b>Accumulated Surplus, beginning of year</b>	<u>77,734,868</u>	<u><b>77,734,868</b></u>	<u>72,316,255</u>
<b>Accumulated Surplus, end of year (note 24)</b>	<u>\$ 79,124,346</u>	<u><b>\$ 82,136,048</b></u>	<u>\$ 77,734,868</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, 2022**

**A – 4**

	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>
<b>Operating Activities</b>		
Annual Surplus	\$ 4,401,178	\$ 5,418,613
Change in non-cash items		
Amortization	2,066,751	1,976,813
Taxes receivable (net of asset valuation allowances)	(22,685)	297,110
Other receivables (net of asset valuation allowances)	397,932	(1,288,490)
Change in assets held for sale	344,317	17,407
Payables	20,194	(1,474,156)
Other liabilities	2,099,076	1,841,607
Change in prepaid	(55,240)	13,116
	<b>9,251,522</b>	<b>6,802,021</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(4,014,652)	(9,061,976)
Disposals of tangible capital assets	208,472	354,037
	<b>(3,806,181)</b>	<b>(8,707,939)</b>
<b>Financing Activities</b>		
Change in bank loans (overdraft)	(774,971)	912,878
Principal payments on long-term debt	(640,000)	(2,224,847)
	<b>(1,414,971)</b>	<b>(1,311,969)</b>
<b>Investing Activities</b>		
Assets held for sale	-	-
Net increase (decrease) in cash and cash equivalents	<b>4,030,370</b>	<b>(3,217,887)</b>
<b>Cash and Cash Equivalents</b>		
Beginning of Year	<b>26,389,938</b>	29,607,826
End of Year	<b>\$ 30,420,310</b>	\$ 26,389,938

**Municipality of the District of Lunenburg**  
**Consolidated Statement of Changes in Financial Net Financial Assets**  
**For the Year Ended March 31, 2022**

A – 5

	2022		2021
	Actual		Actual
<b>Annual Surplus</b>	<b>\$ 4,401,178</b>	<b>\$</b>	<b>5,418,613</b>
Acquisition of tangible capital assets	<b>(4,014,652)</b>		(9,061,976)
Amortization of tangible capital assets	<b>2,066,751</b>		1,976,813
Disposal of tangible capital assets	<b>208,472</b>		354,037
	<b>(1,739,430)</b>		<b>(6,731,126)</b>
Acquisition of assets held for sale	-		-
Acquisition of prepaid expenses	<b>(55,240)</b>		13,116
	<b>(55,240)</b>		13,116
<b>Increase (Decrease) in Net Financial Assets</b>	<b>2,606,508</b>		<b>(1,299,396)</b>
<b>Net Financial Assets</b>			
<b>Beginning of Year</b>	<b>24,813,803</b>		26,113,200
<b>End of Year</b>	<b>\$ 27,420,313</b>	<b>\$</b>	<b>24,813,803</b>

**1. Summary of Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

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

**(b) Consolidated Entities**

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

**(i) Consolidated Entities**

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

- The Municipality’s proportionate share of Lunenburg County Multi-Purpose Centre Corporation

**(ii) Non-Consolidated Entities**

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

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

**(iii) Trust Funds**

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

	<b>2022</b>	2021
	<b>Actual</b>	Actual
Burial funds	\$ 3,119	\$ 3,044
School lands	26,227	26,227
Lunenburg County Community Fund	1,000,000	875,442
	<b>\$ 1,029,346</b>	<b>\$ 904,713</b>

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

**(c) Basis of Accounting**

**(i) PSAB Recommendations**

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

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

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

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

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

**(ii) Use of Estimates**

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

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

(c) Basis of Accounting (continued)

(iii) Taxation and Related Revenues

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

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

(iv) Accounts Receivable

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

(v) Tangible Capital Assets

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

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

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

No amortization is recorded in the year of acquisition.

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

**(c) Basis of Accounting (continued)**

**(vi) Employee Future Benefit Obligations**

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

On March 1, 2020 employees of the Municipality entered the Public Service Superannuation Plan ("PSSP"), a contributory pension plan administered by the Pension Services Superannuation Plan Trustee Incorporated, which provides pension benefits based on length of service and earnings. The Municipality is not obligated for any unfunded liability, nor is the Municipality entitled to any surplus that may arise in the PSSP. Employer contributions are recognized as an expense in the period to which they relate.

**(d) Cash and Cash Equivalents**

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

**(e) Contaminated Sites**

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

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

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

**2. Contributions to Boards, Regional Authorities and Commissions**

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

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

**Contribution to Non-Consolidated Boards**

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

	2022		2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Western Regional Housing Authority (a)	\$ 35,000	\$ <b>34,372</b>	\$ 29,148
South Shore Regional Library Board (b)	158,400	<b>158,134</b>	158,314
Property Valuation Services Corporation (3. c)	695,400	<b>695,379</b>	704,451
	<u>\$ 888,800</u>	<u>\$ <b>887,885</b></u>	<u>\$ 891,913</u>

**(a) Contribution to Regional Housing Authority**

The Municipality is required to help finance its share of the operating deficit in the Western Regional Housing Authority out of its current year's operation. The cumulative deficit financed for 2021-22 was \$34,372 (2020-21 - \$29,148).

**(b) Contribution to Regional Library Board**

During 2021-22, the Municipality paid \$158,134 (2020-21 - \$158,314) to the Regional Library Board as its share of operating costs.

**3. Contribution to Provincial Government Departments and Agencies**

**(a) Education Contribution**

The required contribution to the South Shore Regional Centre for Education is calculated using the mandatory municipal education rate (set by the Minister of Education) multiplied by the Municipality's uniform assessment. For 2021-2022 the education tax rate was \$0.3048 (2020-21 - \$0.3048) per \$100 of uniform assessment multiplied by the uniform assessment of \$2,820,627,769 (2020-21 - \$2,756,731,257) for a total amount paid of \$8,598,029 (2020-21 - \$8,401,602).

**(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 2021-22 the Municipality paid \$430,124 (2020-21 - \$431,801) 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 2021-22 \$17.694 million (2020-21 - \$17.875 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 2021-22 the Municipality paid \$695,379 (2020-21 - \$704,451) to the PVSC for assessment services.

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

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



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

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

Included in the Municipality's consolidated financial statements are its proportionate share of the net assets in the amount of \$14,109,522 (2020-21 - \$14,528,914). The following table provides supplementary financial information for the LCLC as of March 31:

Financial Position	2022		2021
	MODL Share	TOTAL	
Financial Assets	\$ 965,021	\$ 4,826,294	\$ 4,295,676
Liabilities	984,265	4,864,783	4,323,135
Net Financial Assets (Liabilities)	(19,244)	(38,489)	(27,459)
Non Financial Assets	14,128,766	28,257,532	29,085,287
Net Assets (Liabilities)	\$ 14,109,522	\$ 28,219,043	\$ 29,057,828

As of March 31, 2022, MODL had the following related party transactions with the LCLC:

	2022	2021
Due to LCLC	\$ -	\$ 385
Operating Grants paid to LCLC	647,423	468,190
Capital Grants paid to LCLC	417,800	378,703
Operating deficit transfer payable to LCLC	198,668	83,778
Capital transfer receivable from LCLC	1,191	1,191

4. Cash and Cash Equivalents

	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
<b>Included in Cash are Restricted Amounts</b>		
Canada Community-Building Fund	\$ 1,693,288	\$ 2,066,261
Lunenburg County Lifestyle Centre	704,844	375,432
Tax Sale Surplus	2,137,600	1,666,267
Landfill Closure	858,878	849,618
	<u>5,394,610</u>	<u>4,957,578</u>
<b>Unrestricted Cash</b>	<u>25,025,701</u>	<u>21,432,360</u>
	<u>\$ 30,420,310</u>	<u>\$ 26,389,938</u>
	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
<b>Cash Made Up Of:</b>		
Operating Fund	\$ 16,713,694	\$ 7,272,727
Capital Fund	-	-
Reserve Fund	13,001,773	18,741,780
Lunenburg County Lifestyle Centre	704,844	375,432
	<u>\$ 30,420,310</u>	<u>\$ 26,389,938</u>

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

5. Taxes Receivable	<u>2022 Actual</u>	<u>2020 Actual</u>
Balance, beginning of year	\$ 1,352,491	\$ 1,649,601
Current year's tax levy	29,146,550	28,495,242
Interest on overdue taxes and rates	<u>247,834</u>	<u>111,194</u>
	<u>30,746,875</u>	<u>30,256,037</u>
Deduct		
Collections	28,557,383	28,270,557
Adjustments, write-offs & bad debt expense	20,743	(154,133)
Exemptions for taxes	<u>161,446</u>	<u>175,246</u>
	<u>28,739,572</u>	<u>28,291,670</u>
Sub-total	2,007,303	1,964,367
Allowance for doubtful accounts	<u>(632,128)</u>	<u>(611,877)</u>
<b>Net taxes receivable</b>	<u><u>\$ 1,375,176</u></u>	<u><u>\$ 1,352,491</u></u>

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6. Other Receivables

(a) Other	2022	2021
	Actual	Actual
<b>Governments</b>		
Government of Canada and its agencies	\$ 209,337	\$ 84,931
Province of Nova Scotia and its agencies	882,202	1,668,647
Trust Fund	-	-
Municipal Joint Services Board ("MJSB")	1,357	2,442
Municipal Governments	119,554	92,381
	<u>1,212,450</u>	<u>1,848,400</u>
<b>General Public</b>		
LaHave River Stright Pipe Loans	383,457	288,463
Clean Energy Financing Loans	955,472	802,402
	65,462	75,208
	<u>1,404,391</u>	<u>1,166,073</u>
Allowance for Doubtful Accounts	(30)	269
	<u>\$ 2,616,811</u>	<u>\$ 3,014,743</u>
<b>Other Receivables Found in:</b>		
Operating Fund	\$ 614,962	\$ 610,342
Capital Fund	1,741,672	2,261,138
Reserve Fund	-	-
Trust Fund	-	-
Other	260,177	143,263
	<u>\$ 2,616,811</u>	<u>\$ 3,014,743</u>

(b) Allowances for Doubtful Accounts

	2022	2021
	Actual	Actual
Due from general public	\$ 30	\$ (269)
	<u>\$ 30</u>	<u>\$ (269)</u>

**7. Other Liabilities**

	<b>2022</b>	2021
	<b>Actual</b>	Actual
<b>Deferred Revenues</b>		
Other	\$ 266,446	\$ 94,650
Lunenburg County Lifestyle Centre	<b>851,453</b>	431,224
	<b>1,117,899</b>	525,874
<b>Other</b>		
Prepaid Taxes	<b>1,013,477</b>	930,034
Tax Sale Surplus (note 8)	<b>2,137,600</b>	1,666,267
Riverport School environmental liability (note 7b)	<b>501,240</b>	478,065
Pension liability	-	-
Landfill closure liability (note 7a)	<b>408,830</b>	408,830
Lunenburg County Community Fund (note 7c)	-	124,558
	<b>\$ 5,179,045</b>	\$ 4,133,628

**(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, 2022 was \$858,878 (2021- \$849,618). 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 (2021 – \$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 (2021 - \$408,830) has been reported in the consolidated statement of financial position of the Municipality and includes costs for the assessment of the site monitoring, treatment of leachate, monitoring of ground and surface water, monitoring and recovery of gases and maintenance of required drainage systems and other control systems.

7. (a) Landfill Site Closure (continued)

	<u>2022</u> Actual	2021 Actual
Estimated gross landfill closure cost	\$ 408,830	\$ 408,830
Reserves for Site Closure	858,878	849,618

(b) Contaminated Site – Riverport School

Petroleum hydrocarbon contamination was discovered during an Environmental Site Assessment of the Riverport School property. MODL notified the Provincial Department of Environment as per provincial legislation. The Department issued an inspection report with a schedule for compliance for site remediation. An Engineering consultant was hired to identify the costs and risks associated with the contamination. On July 16, 2016, Municipal Council approved a plan to demolish the building and remediate to Tier 2 standards for an estimated cost of \$600,100. The tear down, remediation and testing follow-up costs to date were \$352,395. Site monitoring has determined that additional monitoring and remediation is required with an estimated cost of \$50,000.

(c) Lunenburg County Community Fund Liability

The Lunenburg County Community Fund (LCCF) donated \$1,000,000 to help finance the LaHave River Straight Pipe Project. In accordance with the Memorandum of Understanding between MODL and the LCCF, homeowner payments replenished the donation and were transferred to a Trust Fund in the name of the LCCF to be used on future mutually agreed upon projects. Homeowner payments of \$1,000,000 have now been received. The liability that existed last year \$124,558 has been reduced to \$0.

	<u>2022</u> Actual	2021 Actual
LCCF liability, beginning of year	\$ 124,558	\$ 501,129
LCCF amount received (\$1M over 2 year)	-	-
Homeowner payments transferred to Trust	124,558	376,571
Balance left to transfer (liability)	<u>\$ (0)</u>	<u>\$ 124,558</u>

**8. Tax Sale Surplus Account**

The Municipality of the District of Lunenburg is required to hold the surplus from tax sales for a period of twenty (20) years. This surplus represents excess funds received at tax sales over and above the original amounts which were owing to the Municipality at the time a particular property was sold. The excess proceeds if not claimed, are to be transferred to the Capital Reserve fund at the end of the twenty (20) year period. A surplus of \$15,918 was transferred to the Capital Reserve in Fiscal 2022. Provincial regulations require the tax sale surplus be included on the consolidated statements as a liability. Tax sale surplus account amounts and the respective years in which they arose are as follows:

	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>
2002	-	15,918
2003	48,157	48,157
2004	3,556	3,556
2005	13,783	13,783
2006	62,358	62,358
2007	4,247	4,247
2008	8,368	8,368
2009	86,299	86,299
2010	113,084	113,084
2011	19,061	19,061
2012	54,221	54,221
2013	59,145	59,145
2014	28,890	28,890
2015	69,981	69,981
2016	46,070	46,070
2017	112,409	112,409
2018	18,188	18,188
2019	38,955	38,955
2020	112,270	184,591
2021	667,520	678,986
2022	571,039	-
	<u>\$ 2,137,600</u>	<u>\$ 1,666,267</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	\$ 120,000	\$ (120,000)	\$ -	\$ 1,016	4.95%
Economic dev & environmental	June 1, 2020	-	-	-	-	4.70%
Economic dev & environmental	Oct. 24, 2021	520,000	(520,000)	-	13,923	4.50%
Various purposes	Nov 9, 2020	-	-	-	-	3.25%
		<u>\$ 640,000</u>	<u>\$ (640,000)</u>	<u>\$ -</u>	<u>\$ 14,939</u>	

(b) Principal Payments

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

2023	\$	-
2024	\$	-
2025	\$	-
2026	\$	-
2027	\$	-
2028	\$	-

- (i) The annual principal and interest payment required to service the liabilities are within the debt repayment guidelines prescribed by Nova Scotia Department of Municipal Affairs and Housing.
- (ii) The Environmental Health Services (Solid Waste Site) long-term debt is recovered from the general revenues of the Municipality and was fully paid in October, 2021.



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:

	2022		2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Principal payments			
Environmental health services	\$ 120,000	\$ 120,000	\$ 120,000
Economic and environmental development	520,000	520,000	2,104,847
	640,000	640,000	2,224,847
Interest payments			
Environmental health services	\$ 1,100	\$ 1,016	\$ 7,104
Economic and environmental development			
Development at Exit 12	13,900	13,923	49,686
Various purposes	-	-	2,778
	15,000	14,939	59,568
	\$ 655,000	\$ 654,939	\$ 2,284,415

(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, 2022 the loan is in good standing.

**Municipality of the District of Lunenburg  
Notes to Consolidated Financial Statements  
For the Year Ended March 31, 2022**

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10. Tangible Capital Assets	Cost - Beg of	Additions	Cost Disposals	Cost-End of	Amort Disposals	Amort in Year	Acc Amort Beg	Acc Amort	Net Book Value	
	Year		& Write Offs	Year	& Write Offs		of Year	End of Year	2022	2021
<b>Municipal General</b>										
Land	\$ 6,411,304	\$ 95,525	\$ 208,472	\$ 6,298,357	\$ -	\$ -	\$ -	\$ -	\$ 6,298,357	\$ 6,411,304
Land Improvements	2,068,478	312,213	-	2,380,690	-	64,125	500,995	565,120	1,815,570	1,567,482
Buildings	9,406,800	164,567	-	9,571,367	-	122,200	499,035	621,235	8,950,132	8,907,765
Buildings/Plants - WWTP	6,243,425	-	-	6,243,425	-	250,469	3,587,607	3,838,076	2,405,349	2,655,818
Electronic Equipment	84,571	-	-	84,571	-	7,972	55,193	63,165	21,406	29,378
Small Equipment	186,932	73,185	-	260,117	-	19,252	100,182	119,434	140,683	86,750
Machinery & Equipment	969,551	104,870	-	1,074,421	-	52,302	490,107	542,409	532,012	479,443
Vehicles	285,882	202,032	-	487,914	-	41,088	172,099	213,187	274,728	113,784
Wharves	378,674	-	-	378,674	-	15,136	183,735	198,872	179,803	194,939
Roads and Streets	8,751,825	753,343	-	9,505,168	-	290,409	2,718,583	3,008,992	6,496,175	6,033,242
Sidewalks	328,990	-	-	328,990	-	10,966	45,434	56,400	272,590	283,556
Sewer System	7,575,178	51,999	-	7,627,177	-	165,719	1,977,229	2,142,948	5,484,229	5,597,950
LaHave Straight Pipe Project	5,641,943	1,981,673	-	7,623,616	-	448,390	491,688	940,078	6,683,538	5,150,255
WIP - Municipal Services Building	-	-	-	-	-	-	-	-	-	-
Other	1,164,418	186,516	-	1,350,934	-	70,599	416,560	487,159	863,775	747,858
	<b>49,497,971</b>	<b>3,925,922</b>	<b>208,472</b>	<b>53,215,422</b>	<b>-</b>	<b>1,558,628</b>	<b>11,238,448</b>	<b>12,797,076</b>	<b>40,418,346</b>	<b>38,259,522</b>
Other units share REMO	(7,724)	-	-	(7,724)	7,724	-	(7,724)	-	-	-
	<b>49,490,247</b>	<b>3,925,922</b>	<b>208,472</b>	<b>53,207,697</b>	<b>7,724</b>	<b>1,558,628</b>	<b>11,230,723</b>	<b>12,797,076</b>	<b>40,418,346</b>	<b>38,259,522</b>
<b>Lunenburg County Multi-Purpose Centre Corporation (50% equity)</b>										
Land	433,583	-	-	433,583	-	-	-	-	433,583	433,583
Land Improvements	1,424,272	-	-	1,424,272	-	56,971	426,281	483,252	941,020	997,991
Building	15,864,549	28,169	-	15,892,718	-	399,063	2,979,313	3,378,376	12,514,342	12,885,236
Furniture and fixtures	167,852	-	-	167,852	-	16,786	120,153	136,938	30,914	47,699
Computer equipment	135,882	14,914	-	150,796	-	7,421	114,710	122,131	28,665	21,172
Equipment	312,531	3,362	-	315,893	-	27,883	193,359	221,242	94,651	119,172
Work in Progress	9,063	42,285	-	51,348	-	-	-	-	51,348	9,063
Total Tangible Capital Assets	<b>18,347,729</b>	<b>88,730</b>	<b>-</b>	<b>18,436,459</b>	<b>-</b>	<b>508,123</b>	<b>3,833,815</b>	<b>4,341,937</b>	<b>14,094,522</b>	<b>14,513,914</b>
Total Tangible Capital Assets	\$ 67,837,975	\$ 4,014,652	\$ 208,472	\$ 71,644,156	\$ 7,724	\$ 2,066,751	\$ 15,064,538	\$ 17,139,013	\$ 54,512,867	\$ 52,773,436

**10. (a) Assets Held for Resale**

**i) *Sale of Municipal Administration Building***

The Municipal Administration Building located at 210 Aberdeen Road, Bridgewater was sold on June 15, 2021. At March 31, 2021 the undepreciated capital cost was adjusted to reflect the actual sale price. In 2021/22 the sale was accounted for as sale of inventory at cost.

**ii) *Land Available for Sale***

At March 31, 2022, nine parcels of Municipally-owned land were actively on the market for sale in accordance with Policy 065 – Divestiture of Surplus Land. The total asking price is \$244,885. These parcels of land were moved from tangible capital assets to land sales inventory at cost.

**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: 2022/23 - \$1,129,746; 2023/24 - \$1,155,166. The optional two-year extension amounts are 2024-25 - \$1,181,157 and 2025-26 - \$1,207,733.
- ii) On December 7, 2012, the Municipality, the Town of Bridgewater and Town of Mahone Bay entered into a ten-year contract to outsource the blue bag recycling and marketing of related materials of the LRRCF operation. The payments are based on tonnage of recyclable material sent FOB to the LRRCF, with built in annual base cost escalator and fuel adjustment clause.

**(b) School**

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

significant cost to the Municipality to decommission. The Municipality continues to engage the Province in informal discussions on possible participation in the financial impact of future school closures. There is no assurance these discussions will be successful.

**(c) Osprey Village**

On April 19, 2010 the Municipality entered into a Memorandum of Understanding with the Town of Bridgewater to 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. See Subsequent Events Note 27 for more information.

**(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	\$ 147	\$ 147	\$ 295
Interest income earned in trust	325	325	650
Less: paid to school for books	(147)	(147)	(295)
Balance available for book purchases	\$ 325	\$ 325	\$ 650

**11. Commitments (continued)**

**(f) Garbage Disposal**

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

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

**(g) Joint Emergency Measures Organization**

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

12. Assessed Property Taxation	2022		2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Total taxes and rates	\$ 30,897,000	\$ <b>32,504,866</b>	31,079,983
Less:			
Taxes collected on behalf of others:			
School Board levy	8,597,300	<b>8,598,029</b>	8,401,602
Correctional Services	434,800	<b>430,124</b>	431,801
Deficit of Regional Housing Authority	35,000	<b>34,372</b>	29,148
	<u>9,067,100</u>	<u><b>9,062,524</b></u>	<u>8,862,550</u>
Net taxes and rates	\$ 21,829,900	\$ <b>23,442,341</b>	\$ 22,217,433

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12 (a) Schedule of Other Revenues & Conditional Transfers

	Actual 2022	Actual 2021
<b>Other revenue from own sources</b>		
<b><i>Operating fund revenue</i></b>		
Licenses & permits	\$ 126,033	\$ 112,022
Police prosecution & fines	59,956	50,520
Rentals	93,994	87,094
CES/CEF Expense Recovery	55,506	64,708
Interest - bank accounts and pension	351,787	254,789
Interest on overdue taxes	258,888	115,355
Administration charges - REMO	5,800	5,844
Tax Sale fees	57,772	71,995
Open Space Fees	92,693	84,899
Tax Information - third parties	86,990	89,097
Tax Sale surplus	15,907	11,646
Pro-Kids	20,709	15,507
Economic Development grants & VIC	43,497	50,819
Sale of Services	63,017	63,945
Other Administrative revenues	34,310	6,361
<b><i>Capital fund revenue</i></b>		
Aerated compost carts	-	-
Sewer user connect fees	-	200
LCLC fundraising	-	-
Sale of Assets (golf course, used vehicle, and land)	-	275,015
Liability funding - Riverport School	(23,175)	117,159
Lun Co Community Fund	633,212	680,705
Other Contributions	124,558	638,881
Interest on receivables	4,897	1,182
Donated assets (land)	-	212,000
Gain on sale of assets	-	10,593
<b><i>LCLC consolidated revenue</i></b>	<b>383,954</b>	<b>297,224</b>
	<b>\$ 2,490,305</b>	<b>\$ 3,317,559</b>
<b>Conditional transfers from other governments</b>		
Gas Tax revenue	2,288,242	1,112,740
Federal & Provincial capital grants	1,448,796	1,578,779
Provincial operating grants	412,956	1,608,589
LCLC consolidated government transfers	136,808	130,859
	<b>\$ 4,286,802</b>	<b>\$ 4,430,967</b>

**13. Employee Benefits**

**(a) Pension Agreements**

Effective March 1, 2020, the Municipality signed a transfer agreement with the Public Service Superannuation Plan Trustee Incorporated ("PSSPTI") to transition its pension plan assets to the PSSP, a contributory multi-employer defined benefit pension plan administered by the PSSPTI, which provides pension benefits based on length of service and earnings.

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

The transition was accounted for as a settlement as the Municipality transferred its assets and any remaining obligation of its defined benefit pension plan to the PSSP. In accordance with the transfer agreement, the Municipality will have no further obligations or liabilities in respect of its former defined benefit pension plan and is only responsible to make contributions to the PSSP as an employer. The resulting differential on transfer was a deficit of \$166,527 (actuarial estimates were \$155,200). This pension benefit deficit was paid and has been recorded in the consolidated statement of operations.

Expenses associated with the transfer including legal and actuarial fees have been budgeted utilizing the Employee Pension Reserve and Operating surplus. These costs are expensed in the fiscal year in which they are incurred. In 2021/22 the final costs totaled \$132,965 (2020/21- \$102,045). The transfer costs were paid from 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 98.2% funded with an accrued pension obligation resulting in a funding deficit of \$132,479,000 as at March 31, 2022 (extrapolated) on a going concern basis. The actual pension obligation as of the actuarial date of December 31, 2021 was a funding excess of \$143,512,000. Contributions to the Plan are required by both the employer and its employees. Total MODL employer contributions for 2021-2022 were \$611,305 and are recognized as an expense in that period.



13. Employee Benefits (continued)

(b) Employee Future Benefit Obligations

Management’s estimates of employee future benefit obligations represent future liabilities of the Municipality to its employees for benefits earned but not taken as at March 31, 2022 and consist of the following:

	2022 Actual	2021 Actual	Net Change
Accrued sick leave	\$ 60,000	\$ 60,000	\$ -
Service awards	18,300	20,400	(2,100)
Vacation pay	396,166	378,105	18,061
	<b>\$ 474,466</b>	<b>\$ 458,505</b>	<b>\$ 15,961</b>

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

(i) Vacation

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

(ii) Service Awards

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

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

(iii) Accrued Sick Leave

The Municipality’s estimated sick leave entitlements for 2021-22 are \$60,000 (\$60,000 – 2020-21) based on an estimate of sick leave credit drawdown history.

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

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

**14. Consolidated Expenditures by Object – Municipal Operations**

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

	<b>2022</b>		2021
	<b>Actual</b>		Actual
Salaries, benefits & other personnel costs	\$ 5,322,589	\$	5,046,379
Long-term interest charges	69,513		119,915
Materials, outsourced and other	9,731,117		9,424,512
Amortization	2,066,752		1,976,814
Utilities	608,471		553,596
Rents	2,372		1,409
Grants (note 15b)	1,139,509		783,684
Fire Area Rates	3,560,821		3,437,239
Policing and corrections	3,560,365		3,389,401
Contributions to Boards and Agencies (note 2)	-		-
Reduced taxes	161,446		175,246
Total consolidated statement of operations expenditures	<b>\$ 26,222,955</b>	\$	<b>24,908,195</b>



**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 2022 fiscal year the Municipality issued payments as government transfers as follows:

	<u>2022</u>		2021
	Budget	Actual	Actual restated
Grants to fire departments	\$ 262,100	\$ <b>214,510</b>	\$ 249,830
Grants to agencies and institutions	786,100	<b>924,999</b>	533,854
	<u>\$ 1,048,200</u>	<u>\$ <b>1,139,509</b></u>	<u>\$ 783,684</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 Operating and Capital Budget process.

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

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

	<u>2022</u>	<u>2021</u>
Tipping fee payments & monitoring	\$ 1,238,677	\$ 1,265,524
IT Services	226,171	279,859
HR Services	17,873	21,177
Payable for landfill closure and post closure costs	408,830	408,830
	<u>\$ 1,891,552</u>	<u>\$ 1,975,390</u>

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

**17. Financial Instruments**

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is subject to interest rate risk if the interest rate were to drop below current levels; the majority of its cash balances are invested in deposits that pay interest based on current market interest rates. The Municipality does not use derivative financial instruments to alter effects of this risk.

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

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

**18. Remuneration of Elected Officials and Chief Administrative Officer**

	Remuneration		Expense Claims		Totals	
	2022	2021	2022	2021	2022	2021
Mayor Carolyn Bolivar-Getson	\$ 60,023	\$ 59,606	\$ 7,480	\$ 3,415	\$ 67,503	\$ 63,021
Councillor/Deputy Mayor Cathy Moore	34,129	29,676	1,943	1,710	36,072	31,386
Councillor/Deputy Mayor Martin Bell	36,397	33,852	923	963	37,320	34,815
Councillor Wade Carver	-	17,510	-	-	-	17,510
Councillor Michael Ernst	-	17,510	-	-	-	17,510
Councillor Claudette Garland	-	17,510	-	(1,007)	-	16,503
Councillor Michelle Greek	29,884	12,166	1,932	1,664	31,816	13,830
Councillor Leitha Haysom	29,884	12,166	1,823	1,421	31,707	13,587
Councillor Pamela Hubley	29,884	12,166	2,104	1,502	31,988	13,668
Councillor Eric Hustvedt	-	23,816	-	658	-	24,474
Councillor Errol Knickle	-	17,510	-	(65)	-	17,445
Councillor Lee Nauss	-	17,510	-	(65)	-	17,445
Councillor Wendy Oickle	29,884	12,166	1,412	955	31,296	13,121
Councillor Kathryn Petersen Delong	29,884	12,166	1,473	1,816	31,357	13,982
Councillor Sandra Statton	29,884	12,166	477	899	30,361	13,065
Councillor John Veinot	-	17,510	-	-	-	17,510
Councillor Chasidy Veinotte	29,884	12,166	1,598	1,514	31,482	13,680
Councillor Reid Whynot	29,884	29,676	439	651	30,323	30,327
	<b>369,621</b>	<b>366,848</b>	<b>21,604</b>	<b>16,031</b>	<b>391,225</b>	<b>382,879</b>
Chief Administrative Officer(s)	<b>166,246</b>	<b>152,316</b>	<b>6,449</b>	<b>5,180</b>	<b>172,695</b>	<b>157,496</b>
	<b>\$ 535,867</b>	<b>\$ 519,164</b>	<b>\$ 28,053</b>	<b>\$ 21,211</b>	<b>\$ 563,919</b>	<b>\$ 540,375</b>

**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 2021-22 (\$0 in 2020-21).

19. Area Rates	2022	2021
	Actual	Actual
<b>Balance, beginning of year</b>	<b>\$ 41,422</b>	<b>\$ 10,956</b>
<b>Rates levied</b>		
Fire protection	<b>3,565,895</b>	3,482,292
Street lighting	<b>139,491</b>	138,278
Hydrant charges	<b>70,139</b>	56,091
Sewer	<b>377,912</b>	367,732
	<b>4,153,436</b>	4,044,393
<b>Services provided in current year</b>		
Fire protection payments	<b>3,560,821</b>	3,437,239
Street lighting	<b>155,608</b>	145,978
Hydrant charges	<b>60,729</b>	62,978
	<b>3,777,157</b>	3,646,195
Sewer		
Collection and disposal systems	<b>669,139</b>	612,498
Transfer to restricted reserve surplus	<b>175,000</b>	175,000
Municipal Subsidy	<b>(466,226)</b>	(419,766)
Total sewer	<b>377,912</b>	<b>367,732</b>
	<b>4,155,069</b>	4,013,927
<b>Balance, end of year</b>	<b>\$ 39,788</b>	<b>\$ 41,422</b>

19. Area Rates (continued)	Balance, beginning of year	Rates levied for current year	Total	Services Provided in current year	Balance, end of year
<b>Fire protection</b>					
Big Tancook Island	\$ 753	\$ 15,643	\$ 16,396	\$ 15,559	\$ 837
Blockhouse	1,555	149,005	150,560	148,782	1,778
Conquerall Bank	948	97,853	98,801	97,828	973
Cornwall	1,550	104,839	106,389	104,773	1,616
Dayspring and District	1,469	180,705	182,174	180,579	1,596
District No. 1 Fire Protection	840	313,034	313,874	312,619	1,255
Hebb's Cross	1,308	70,805	72,113	70,698	1,415
Hebbville	2,880	154,910	157,790	152,655	5,135
Hemford and District	946	58,041	58,987	57,902	1,086
Indian Point	791	43,051	43,842	43,046	796
Italy Cross	1,410	90,773	92,183	90,723	1,459
LaHave and District	1,646	194,595	196,241	194,828	1,414
Lapland and District	672	46,828	47,500	46,784	717
Maders Cove	(22)	64,994	64,972	64,972	-
Martins River	924	116,450	117,374	116,357	1,017
Midville and District	1,218	75,047	76,265	75,026	1,238
New Germany	2,421	266,559	268,980	266,950	2,029
Northfield	14,448	343,855	358,303	343,057	15,246
Oakhill	1,058	175,344	176,402	175,297	1,106
Oakland/Clearland	185	93,060	93,245	92,994	252
Petite Riviere & Crousetown	965	106,844	107,809	106,818	990
Pleasantville	670	94,130	94,800	93,970	831
Riverport	2,017	364,806	366,823	364,615	2,208
Tri-District <sup>1</sup>	1,461	170,720	172,181	170,633	1,548
United Communities	1,007	77,083	78,090	77,071	1,019
Walden	868	17,687	18,555	17,666	889
Wileville	360	79,231	79,591	78,618	973
	<b>44,350</b>	<b>3,565,895</b>	<b>3,610,243</b>	<b>3,560,821</b>	<b>49,422</b>
<b>Hydrants</b>	<b>(2,938)</b>	<b>70,139</b>	<b>67,201</b>	<b>60,729</b>	<b>6,472</b>
<b>Sewer services</b>	<b>-</b>	<b>377,912</b>	<b>377,912</b>	<b>377,912</b>	<b>-</b>
<b>Street lighting</b>	<b>11</b>	<b>139,491</b>	<b>139,502</b>	<b>155,608</b>	<b>(16,106)</b>
	<b>\$ 41,422</b>	<b>\$ 4,153,436</b>	<b>\$ 4,194,857</b>	<b>\$ 4,155,069</b>	<b>\$ 39,788</b>

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	\$ 249,400	\$ -	\$ 25,000	\$ -	\$ 274,400
Surveying	17,202				17,202
General Operations	11,863,449		1,684,527		13,547,976
Climate Change Reserve	-		353,500		353,500
Election	-		50,000		50,000
Open Space Strategic Plan	264,337		60,000		324,337
Employee Contingency	674,310		(299,493)		374,817
Depreciation Reserve	1,763,477		591,970		2,355,447
PACE - Clean Energy Financing	(76,737)		33,853		(42,884)
Restricted To Area Rates (Sewer)	1,906,426		62,347		1,968,773
Transit Study	43,364				43,364
LCLC Operating Reserve	26,994				26,994
Indian Path	833				833
Pro Kids	46,813		4,195		51,008
Hirtles Beach	2,638				2,638
CES-CEF	144,270		25,000		169,270
Safe Restart Grant	810,418		(360,530)		449,888
SNSMR Grant	42,000				42,000
	<b>\$ 17,779,195</b>	<b>\$ -</b>	<b>\$ 2,230,368</b>	<b>\$ -</b>	<b>\$ 20,009,562</b>



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	849,618	21,301	(12,042)		858,878
Land Sales	77,508		425,288		502,796
Recreation complex depreciation	332,274	8,331	(150,000)		190,605
Sherbrooke Lake	200,000				200,000
Trails	6,245				6,245
Lift station replacement	537				537
Canada Community Building Fund	2,066,261	25,591	(398,564)		1,693,288
Open space	282,702		93,593		376,295
User connection fees	31,812				31,812
Aerated Carts	690				690
District General Capital	28,000		15,918		43,918
	<b>\$ 3,881,923</b>	<b>\$ 55,223</b>	<b>\$ (25,806)</b>	<b>\$ -</b>	<b>\$ 3,911,340</b>

**Municipality of the District of Lunenburg  
Consolidated Schedule of Segment Disclosure  
For the Year Ended March 31, 2022**

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22.

							<u>Consolidated</u>	
	<u>Protective Services</u>	<u>Engineering Services &amp; Streets &amp; Roads</u>	<u>Environmental Health</u>	<u>Planning and Economic Development</u>	<u>Recreation, Cultural &amp; Education</u>	<u>Administration and Other</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>								
Property taxes	\$ 3,636,033	\$ 139,491	\$ 377,912	\$ -	\$ -	\$ 19,288,905	\$ 23,442,341	\$ 22,217,433
Grants in lieu of taxes	-	-	-	-	-	250,619	250,619	203,872
Services provided to other governments	60,124	-	-	-	-	-	60,124	66,308
Other revenue from own sources	94,991	3,607	795,734	789,567	15,685	790,721	2,490,305	3,317,559
Unconditional transfers from other govts	-	-	-	-	-	93,940	93,940	90,670
Conditional transfers from other govts	-	18,160	1,393,114	80,611	506,675	2,288,242	4,286,802	4,430,967
	<u>3,791,149</u>	<u>161,258</u>	<u>2,566,761</u>	<u>870,178</u>	<u>522,360</u>	<u>22,712,427</u>	<u>30,624,133</u>	<u>30,326,808</u>
<b>Expenditures</b>								
Salaries, benefits & other personnel costs	536,008	451,270	1,880	906,914	1,304,153	2,122,365	5,322,589	5,046,379
Interest	-	-	1,016	13,923	50,525	4,049	69,513	119,915
Materials, outsources and other operating	221,531	1,203,897	3,090,650	1,711,755	1,318,765	2,184,519	9,731,117	9,424,512
Amortization	-	313,692	903,366	136,263	623,322	90,109	2,066,752	1,976,814
Utilities	66,359	161,895	101,672	-	242,044	36,501	608,471	553,596
Rents	1,712	-	-	660	-	-	2,372	1,409
Grants	231,529	-	19,870	-	-	888,110	1,139,509	783,684
Fire area rates	3,560,821	-	-	-	-	-	3,560,821	3,437,239
Policing and corrections	3,560,365	-	-	-	-	-	3,560,365	3,389,401
Contributions to boards and agencies	-	-	-	-	-	-	-	-
Reduced taxes	-	-	-	-	-	161,446	161,446	175,246
	<u>8,178,324</u>	<u>2,130,754</u>	<u>4,118,453</u>	<u>2,769,515</u>	<u>3,538,810</u>	<u>5,487,099</u>	<u>26,222,955</u>	<u>24,908,195</u>
<b>Annual surplus (Deficit)</b>	<u>\$ (4,387,175)</u>	<u>\$ (1,969,496)</u>	<u>\$ (1,551,692)</u>	<u>\$ (1,899,338)</u>	<u>\$ (3,016,450)</u>	<u>\$ 17,225,328</u>	<u>\$ 4,401,178</u>	<u>\$ 5,418,613</u>

## **23. Segmented Information**

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

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

### **(a) Protective Services**

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

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

### **(b) Engineering Services, Streets and Roads**

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

### **(c) Waste Management**

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

### **(d) Sewers**

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

**23. Segmented Information (continued)**

**(e) Planning and Economic Development**

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

**(f) Recreation, Culture & Tourism**

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

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

**24. Accumulated Surplus**

	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>
Operating fund (schedule 1)	\$ -	\$ -
Capital fund (schedule 2)	<b>40,576,992</b>	38,016,207
Reserve fund (schedule 3)	<b>23,920,902</b>	21,661,117
Municipal Joint Service Board (note 16)	<b>3,528,630</b>	3,528,630
LCMPCC (note 3d)	<b>14,109,522</b>	14,528,914
	<b>\$ 82,136,048</b>	<b>\$ 77,734,868</b>

**25. Comparative Figures**

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

**26. COVID -19**

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

**27. Subsequent Events**

**Osprey Village Water Reservoir**

The Municipality was successful in securing an Investing in Canada Infrastructure grant for the water reservoir that will serve Osprey Village (note 11c) and signed the contribution agreement on May 31, 2022. The Municipality will build the water reservoir and turn it over to the Public Service Commission of Bridgewater Water Utility (PSC) once complete. The PSC has committed to contribute \$2,905,000 to the project and received approval for this expenditure from the Nova Scotia Utility and Review Board on July 26, 2022.

**Municipality of the District of Lunenburg**  
**Schedule of Operating Financial Position**  
**Schedule 1**  
**For the Year Ended March 31, 2022**

**A- 41**

	<b>2022</b>	2021
	<b>Actual</b>	Actual
<b>Financial Assets</b>		
Cash and cash equivalents (note 4)	\$ 16,713,694	\$ 7,272,727
Taxes receivable (net of asset valuation allowances) (note 5)	1,375,176	1,352,491
Loan receivables (net of asset valuation allowances)	65,462	75,208
Due from other funds and consolidated entities	(856,830)	4,972,604
Other receivables (net of asset valuation allowances)	549,500	535,134
	<b>17,847,002</b>	<b>14,208,165</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,741,505	2,502,204
Other liabilities		
Due to other funds and consolidated entities	10,593,950	8,770,054
Employee benefit obligations (note 13b)	474,466	458,505
Other liabilities	3,205,704	2,596,301
	<b>18,015,626</b>	<b>14,327,064</b>
<b>Net Financial Assets</b>	<b>(168,624)</b>	<b>(118,899)</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	168,624	118,899
<b>Accumulated Surplus</b>	<b>\$ -</b>	<b>\$ -</b>

**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, 2022**

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	<b>2022</b>		2021
	Budget	Actual	Actual
<b>Revenues</b>			
Assessable property taxes	\$ 30,897,000	\$ <b>32,504,866</b>	\$ 31,079,983
Expenditures as a reduction of tax revenue			
Appropriation to regional school board	(8,597,300)	<b>(8,598,029)</b>	(8,401,602)
Transfer to correctional services	(434,800)	<b>(430,124)</b>	(431,801)
Deficit of Regional Housing Authority	(35,000)	<b>(34,372)</b>	(29,148)
Net Assessable property taxes	<u>21,829,900</u>	<u>23,442,341</u>	<u>22,217,433</u>
Grants in lieu of taxes	224,600	<b>250,619</b>	203,872
Services provided to other governments	67,800	<b>60,124</b>	66,308
Other revenue from own sources	1,196,600	<b>1,366,859</b>	1,084,600
Unconditional transfers from other governments	88,300	<b>93,940</b>	90,670
Conditional transfers from other governments	135,900	<b>412,956</b>	1,608,589
<b>Total Revenues</b>	<u>23,543,100</u>	<u><b>25,626,840</b></u>	<u>25,271,472</u>
<b>Expenditures</b>			
General government services	5,985,300	<b>5,269,489</b>	4,493,167
Protective services	8,268,100	<b>8,178,324</b>	7,801,180
Transportation services	2,948,700	<b>1,817,062</b>	2,984,276
Environmental health services	3,162,850	<b>3,090,529</b>	3,034,556
Public health services	-	-	-
Environmental development services	2,819,900	<b>2,633,252</b>	1,376,468
Recreation and cultural services	2,434,850	<b>2,483,456</b>	2,096,767
<b>Total Expenditures</b>	<u>25,619,700</u>	<u><b>23,472,112</b></u>	<u>21,786,414</u>
<b>Annual Operating Surplus</b>	(2,076,600)	<b>2,154,728</b>	3,485,058
<b>Financing and Transfers</b>			
Debenture and term loan principal instalments	(640,000)	<b>(640,000)</b>	(2,224,847)
Transfers from (to) own reserves, fund and agencies	2,749,400	<b>1,192,549</b>	1,510,552
<b>Change in Surplus after Financing &amp; Transfers</b>	<u>32,800</u>	<u><b>2,707,278</b></u>	<u>2,770,763</u>
<b>Accumulated Surplus, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transfer Surplus to Operating Reserve</b>	-	<b>(2,707,278)</b>	(2,770,763)
<b>Accumulated Surplus, End of Year</b>	<u>\$ 32,800</u>	<u>\$ -</u>	<u>\$ -</u>

**Municipality of the District of Lunenburg**  
**Schedule of Capital Fund Financial Position**  
**Schedule 2**  
**For the Year Ended March 31, 2022**

**A- 43**

	<b>2022</b>	2021
	<b>Actual</b>	Actual
<b>Financial Assets</b>		
Cash	\$ -	\$ -
Receivables (net of asset valuation allowances)	<b>786,200</b>	1,458,736
Loan Receivables	<b>955,472</b>	802,402
Due from other funds	<b>919,247</b>	5,524,768
Assets held for resale	<b>80,971</b>	425,288
	<b>2,741,890</b>	8,211,194
<b>Liabilities</b>		
Bank overdraft	<b>137,907</b>	912,878
Payables	<b>578,391</b>	822,925
Due to other funds	<b>745,057</b>	4,972,604
Long-term debt (note 9a)	-	640,000
Other liabilities	<b>1,121,888</b>	1,106,103
	<b>2,583,243</b>	8,454,511
<b>Net Financial Asset (Net Debt)</b>	<b>158,646</b>	(243,317)
<b>Non-Financial Assets</b>		
Tangible capital assets (net of accumulated amortization) (note 10)	<b>40,418,346</b>	38,259,523
<b>Net Assets</b>	<b>\$ 40,576,992</b>	\$ 38,016,207





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, 2022

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	2022		2021
	Budget	Actual	Actual
<b>Revenue</b>			
Capital Contributions			
From federal and provincial governments	\$ 2,080,800	\$ <b>1,448,796</b>	\$ 1,578,779
Canada Community Building Fund (Gas Tax)	2,225,600	<b>2,288,242</b>	1,112,740
From other municipal governments	-	-	(190)
Sundry	100,000	<b>716,317</b>	1,925,332
Change in Riverport School Liability	-	<b>23,175</b>	-
Gain on sale of assets	-	-	10,593
<b>Total Revenue</b>	<b>4,406,400</b>	<b>4,476,530</b>	<b>4,627,254</b>
<b>Expenditures</b>			
Write off of assets	-	<b>127,501</b>	352,517
Transfer to LCCF Trust	-	<b>124,558</b>	376,571
Change in Landfill Closure Liability	-	-	-
	-	<b>252,059</b>	729,088
<b>Annual Capital Surplus</b>	<b>4,406,400</b>	<b>4,224,471</b>	<b>3,898,166</b>
<b>Financing and Transfers</b>			
Amortization	(850,000)	<b>(1,558,628)</b>	(1,470,502)
Loan payments from operating fund	640,000	<b>640,000</b>	2,224,847
Transfers from own reserves, funds	1,799,000	<b>(745,057)</b>	5,454,815
	1,589,000	<b>(1,663,686)</b>	6,209,161
<b>Change in Fund Balance</b>	<b>5,995,400</b>	<b>2,560,786</b>	<b>10,107,327</b>
<b>Beginning Balance</b>	<b>38,016,207</b>	<b>38,016,207</b>	<b>27,908,880</b>
<b>Ending Balance</b>	<b>\$ 44,011,607</b>	<b>\$ 40,576,992</b>	<b>\$ 38,016,207</b>

Municipality of the District of Lunenburg  
 Schedule of Reserve Fund Financial Position  
 Schedule 3  
 For the Year Ended March 31, 2022

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	<u>2022</u> Actual	<u>2021</u> Actual
<b>Financial assets</b>		
Cash and cash equivalents (note 4)	\$ 13,001,773	\$ 18,741,780
Due from other funds	14,427,858	10,945,184
	<u>27,429,631</u>	<u>29,686,963</u>
<b>Liabilities and Fund Balance</b>		
Due to other funds	<u>3,508,726</u>	<u>8,025,844</u>
<b>Net Financial Assets</b>	<u>23,920,902</u>	<u>21,661,117</u>
<b>Fund Balance</b>		
Capital	3,911,340	3,881,922
Operating	20,009,562	17,779,195
	<u>\$ 23,920,902</u>	<u>\$ 21,661,117</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, 2022**

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	Capital Reserve Actual	Operating Reserve Actual	2022 Actual	2021 Actual
<b>Revenue</b>				
Interest on savings	\$ 55,223	\$ -	\$ 55,223	\$ 46,528
<b>Total Revenue</b>	<u>55,223</u>	<u>-</u>	<u>55,223</u>	<u>46,528</u>
<b>Expenditures</b>				
Municipalities & other	-	-	-	-
<b>Annual Reserve Surplus</b>	<u>55,223</u>	<u>-</u>	<u>55,223</u>	<u>46,528</u>
<b>Financing and Transfers</b>				
Transfers (from) to own				
Capital Fund & Operating Fund	(25,806)	(476,909)	(502,715)	(7,011,896)
Operating Surplus Transfer	-	2,707,278	2,707,278	2,770,763
	<u>(25,806)</u>	<u>2,230,368</u>	<u>2,204,562</u>	<u>(4,241,133)</u>
<b>Change in Fund Balance</b>	<u>29,417</u>	<u>2,230,368</u>	<u>2,259,785</u>	<u>(4,194,605)</u>
<b>Beginning Balance</b>	<u>3,881,922</u>	<u>17,779,197</u>	<u>21,661,117</u>	<u>25,855,722</u>
<b>Ending Balance</b>	<u>\$ 3,911,340</u>	<u>\$ 20,009,562</u>	<u>\$ 23,920,902</u>	<u>\$ 21,661,117</u>

Municipality of the District of Lunenburg  
 Schedule of Tax Sale Account Assets, Liabilities and Operations  
 Schedule 4  
 For the Year Ended March 31, 2022

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Schedule of Tax Sale Account - Assets and Liabilities

	<u>2022</u>	<u>2021</u>
	Actual	Actual
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 2,137,600	\$ 1,666,267
<b>Tax Sale Surplus Liability</b>	<u>\$ 2,137,600</u>	<u>\$ 1,666,267</u>

Schedule of Tax Sale Operations

	<u>2022</u>	<u>2021</u>
	Actual	Actual
<b>Revenue</b>		
Tax Sale Surplus funds received	\$ -	\$ -
<b>Expenses</b>		
Tax Sale Surplus payments	471,333	545,585
<b>Change in Tax Sale Surplus</b>	471,333	545,585
<b>Beginning Tax Sale Surplus</b>	<u>1,666,267</u>	<u>1,120,681</u>
<b>Ending Tax Sale Surplus</b>	<u>\$ 2,137,600</u>	<u>\$ 1,666,267</u>



**MUNICIPALITY OF THE DISTRICT OF LUNENBURG**

**TRUST FUNDS**

**FINANCIAL STATEMENTS**

**MARCH 31, 2022**

DRAFT



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

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Statement of Financial Position ..... B2

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## INDEPENDENT AUDITOR'S REPORT

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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, 2022, 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, 2022, and the results of its operations and cash flows 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 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 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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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 20, 2022

*Belliveau Veinotte Inc.*  
CHARTERED PROFESSIONAL ACCOUNTANTS



**Municipality of the District of Lunenburg**  
**Trust Funds**  
**Statement of Financial Position**  
**For the Year Ended March 31, 2022**

**B-2**

	Burial Funds	School Lands	LCCF	March 31	
				2022	2021
				Actual	Actual
<b>Assets</b>					
Cash	\$ 3,044	\$ 26,227	\$ 885,347	<b>914,618</b>	\$ 532,407
Due from the District of Lunenburg	75	650	146,238	<b>146,964</b>	382,505
	<u>\$ 3,119</u>	<u>\$ 26,877</u>	<u>\$ 1,031,586</u>	<u><b>\$ 1,061,582</b></u>	<u>\$ 914,912</u>
<b>Liabilities</b>					
Due to the District of Lunenburg	\$ -	\$ 650	\$ 31,586	<b>\$ 32,236</b>	9,905
Accounts payable - schools	-	-	-	-	295
<b>Reserves</b>					
Trust funds reserves	3,119	26,227	1,000,000	<b>1,029,346</b>	904,713
Reserves and Liabilities	<u>\$ 3,119</u>	<u>\$ 26,877</u>	<u>\$ 1,031,586</u>	<u><b>\$ 1,061,582</b></u>	<u>\$ 914,912</u>

	(note 3) Burial Funds	(note 4) School Lands	(note 5) LCCF	Year Ended March 31	
				2022	2021
				Actual	Actual
<b>Reserves Detail</b>					
Balance, beginning of year	\$ 3,044	\$ 26,227	\$ 875,442	<b>\$ 904,713</b>	\$ 528,108
Interest received on trust accounts	75	650	21,681	<b>22,406</b>	5,934
Funds received in trust	-	-	124,558	<b>124,558</b>	376,571
	<u>3,119</u>	<u>26,877</u>	<u>1,021,681</u>	<u><b>1,051,676</b></u>	<u>910,613</u>
Trust expenses	-	650	21,681	<b>22,331</b>	5,901
	-	650	21,681	<b>22,331</b>	5,901
<b>Balance, end of year</b>	<u>\$ 3,119</u>	<u>\$ 26,227</u>	<u>\$ 1,000,000</u>	<u><b>\$ 1,029,346</b></u>	<u>\$ 904,713</u>

On behalf of the Municipality of the District of Lunenburg

\_\_\_\_\_  
 Mayor

\_\_\_\_\_  
 CAO

## 1. Purpose of Trust

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

## 2. Significant accounting policies

### **Basis of presentation**

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

### **Accounting estimates**

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

### **Financial assets and liabilities**

#### *Initial measurement*

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

#### *Subsequent measurement*

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

### **COVID-19**

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

**Revenue recognition**

*Contributions*

The Trust follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

*Interest income*

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

**3. Burial Funds**

	<b>2022</b>	2021
	<b>Actual</b>	Actual
Distribution of funds		
Conrad, Ray	\$ 1,778	\$ 1,735
Smith, Everette	823	803
Wagner, Willis	519	506
	<u>\$ 3,120</u>	<u>\$ 3,044</u>

**4. School Lands**

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

## Trust Funds

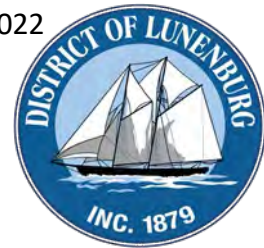
## Notes to Financial Statements

## For the Year Ended March 31, 2022

## 5. Lunenburg County Community Fund

The Municipality of the District of Lunenburg (MODL) is holding a trust fund in the amount of \$1,000,000 for the Lunenburg County Community Fund (LCCF). The LCCF 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 were transferred to a Trust Fund. This Trust Fund can be used towards other mutually agreed upon projects.

	2022	2021
	<u>Actual</u>	<u>Actual</u>
Balance, beginning of year	\$ 875,442	\$ 498,871
Homeowner payments	<u>124,558</u>	<u>376,571</u>
Balance, end of year	<u>\$ 1,000,000</u>	<u>\$ 875,442</u>



## **Municipality of the District of Lunenburg**

### **Report to Council**

**Report To:** Audit Committee  
**Submitted By:** Elana Wentzell, CPA, CMA  
**Date:** September 20, 2022  
**Re:** 2020-21 Draft Financial Condition Indicator Results

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The Province has not yet released the final Financial Condition Indicators results for 2020/21. The Audit Committee is required to review them as part of the FRAM legislation. Because the next Audit Committee meeting is scheduled for July 2023, staff felt that having the Committee review the Draft FCI's (enclosed) would meet this statutory requirement. The full report will be circulated when it becomes available.

The indicators to provide a risk-based approach to evaluating municipalities and are presented in a house format graph. This visual focuses on key performance indicators, leading financial indicators and potential internal and external factors that could have an impact on a municipality's financial results. The risk thresholds are colored: yellow indicates medium risk, red indicates high risk and green, low risk. The enclosed report indicates that the overall financial condition risk assessment for our municipality is green which means that it is considered low risk for fiscal instability.

MODL has green indicators for all categories except budget accuracy and debt service.

Budget accuracy is red due to budget surpluses. As we know, a budget is plan that can change throughout the year. Budget accuracy can get skewed when we budget for project placeholders and those projects do not become available, when plans are delayed due to funding partnership approvals, or when revenue estimates are too conservative. The surpluses are placed in reserves to ensure there are funds to help mitigate the financial impact of major, non-recurring or unforeseen expenditures on the Municipality's annual operating budget as well as take advantage of unexpected opportunities to leverage external funding programs.

The debt service ratio is yellow as the Municipality chose to pay off its outstanding debt using a balloon payment, instead of re-financing that debt. The Municipality has a 5-year financial plan

that included annual reserve transfers to ensure this debt could be paid off while maintaining the existing tax rate.

Based on the indicators related to municipal revenues (Base), MODL's general operating revenue is stable. Our assessment growth is above the Consumer Price Index indicating our tax base is able to cover increasing costs of municipal services and programs.

Based on the indicators related to general operating expenses and management of those expenses (Structure), MODL has maintained a balanced budget. As well, all outstanding debt has been paid out and we continue to preserve reserve levels while maintaining capital assets with 77% useful life remaining.

The roof indicators show that MODL has been able to meet its needs in a balanced manner. MODL is not dependent on another level of government to meet service obligations and is setting aside sufficient funds to help mitigate any unforeseen risks. MODL continues to have healthy combined reserves which is important to help address unexpected events and provide flexibility to address future projects.

Please refer to the enclosed report for more detailed information.

Signature  \_\_\_\_\_

Attachment (1)

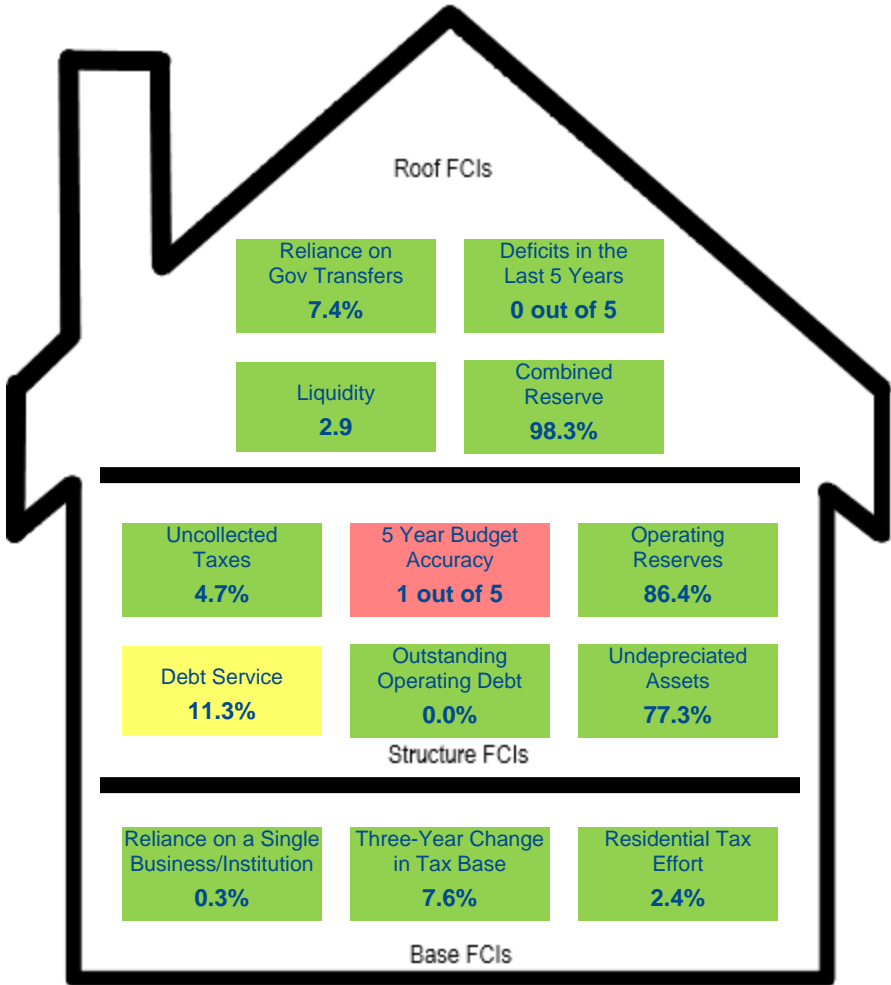
### Financial Condition Indicators Highlights for 2020-21

Overall Assessment Green (low risk)  
The overall Financial Conditions Index assessment for the District of Lunenburg is green (low risk). This means that, although the Municipality has a few challenges, it is considered low risk for fiscal instability.

As shown in the House model below, Lunenburg's FCIs are comprised of:

- Low Risk (green): 11 Indicators
- Moderate Risk (yellow): 1 Indicator
- High Risk (red): 1 Indicator

Details on the individual FCI assessments and the Municipality's specific challenges are provided below.



Two-Year Comparison of Financial Condition Indicators

<b>BASE</b>	<b>2020-21</b>	<b>2019-20</b>	<b>+/-</b>
3-year Change in Tax Base	● 7.6%	● 5.2%	2.4%
Reliance on a Single Business or Institution	● 0.3%	● 0.4%	-0.1%
Residential Tax Effort	● 2.4%	● 2.4%	0.0%

**STRUCTURE**

Uncollected Taxes	● 4.7%	● 5.9%	-1.2%
5 Year Budget Accuracy	● 1/5	● 2/5	-1
Operating Reserves	● 86.4%	● 112.0%	-25.6%
Debt Service	● 11.3%	● 5.5%	5.8%
Outstanding Operating Debt	● 0.0%	● 0.0%	0.0%
Undepreciated Assets	● 77.3%	● 75.3%	2.0%

**ROOF**

Deficits in the Last 5 Years	● 0/5	● 0/5	0
Liquidity	● 2.9	● 3.6	-0.7
Reliance on Government Transfers	● 7.4%	● 0.7%	6.7%
Combined Reserve	● 98.3%	● 135.1%	-36.8%

\* For 3-year Change in Tax Base, CPI % change for 2020-21 is 6.7% and for 2019-20 is 3.2%