

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

FINANCIAL STATEMENTS

MARCH 31, 2019



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

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MUNICIPALITY OF THE DISTRICT OF LUNENBURG

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019



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

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MUNICIPALITY OF THE DISTRICT OF LUNENBURG

Consolidated Financial Statements

Year ended March 31, 2019

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.



Alex Dumaresq
Acting Chief Administrative Officer

Elana Wentzell, CPA, CMA
Director of Finance

September 24, 2019

INDEPENDENT AUDITOR'S REPORT

To the Council of the Municipality of the District of Lunenburg

Opinion

We have audited the accompanying consolidated financial statements of the Municipality of the District of Lunenburg (the "Municipality"), which comprise the consolidated statement of financial position as at March 31, 2019 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, 2019, 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.

Independent Auditor's Report to the Council of the Municipality of Lunenburg (cont'd)

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.

Belliveau Veinotte Inc.

Bridgewater, Nova Scotia
September 24, 2019

REGISTERED MUNICIPAL AUDITORS
CHARTERED PROFESSIONAL ACCOUNTANTS

Municipality of the District of Lunenburg
Consolidated Statement of Financial Position
As at March 31, 2019

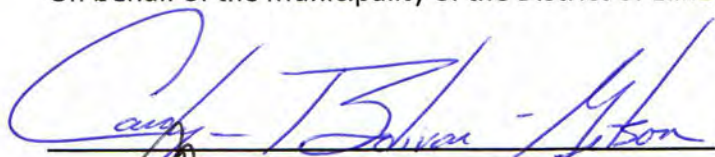
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	2019 Actual	2018 Actual
Financial Assets		
Cash and cash equivalents (note 4)	\$ 28,177,755	\$ 26,186,710
Taxes receivable (net of asset valuation allowances) (note 5)	1,788,359	1,821,321
Other receivables (net of asset valuation allowances) (note 6)	2,112,252	558,200
Investment in Municipal Joint Service Board (note 16)	3,528,630	3,528,630
	<u>35,606,996</u>	<u>32,094,862</u>
Liabilities		
Accounts payable and accrued liabilities	1,789,987	1,569,981
Long-term debt (note 9 a)	3,864,695	4,864,543
Other liabilities		
Payable to other governments	355,335	834,403
Employee future benefit obligations (note 13 b)	301,095	302,113
Other (note 7)	4,604,949	4,082,873
	<u>10,916,062</u>	<u>11,653,913</u>
Net Financial Asset	<u>24,690,934</u>	<u>20,440,955</u>
Non-Financial Assets		
Tangible Capital assets (net of accumulated amortization) (note 10)	40,621,782	39,348,756
Prepaid expenses	15,813	207,385
	<u>40,637,595</u>	<u>39,556,141</u>
Accumulated Surplus (note 24)	<u>\$ 65,328,523</u>	<u>\$ 59,997,086</u>

Contingent Liabilities (note 9 d)

Commitments (note 11)

On behalf of the Municipality of the District of Lunenburg

 Mayor

 Chief Administrative Officer

Municipality of the District of Lunenburg
Consolidated Statement of Operations
For the Year Ended March 31, 2019

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	2019		2018
	Budget	Actual	Actual
Revenue			
Assessable property taxes ¹ (note 12)	\$ 19,789,400	\$ 20,259,284	\$ 19,860,347
Grants in lieu of taxes	198,200	203,244	198,154
Services provided to other governments	53,100	40,033	24,939
Other revenue from own sources (note 12 a)	2,845,838	3,091,306	2,163,690
Unconditional transfers from other governments	87,200	86,420	85,519
Conditional transfers from other governments (note 12 a)	3,087,385	2,671,325	1,767,975
	26,061,123	26,351,613	24,100,624
Expenditures			
General government services	4,633,854	4,172,492	4,060,068
Protective services	7,352,435	7,245,049	7,070,004
Transportation services	1,505,465	1,552,609	1,370,325
Environmental health services	3,848,042	3,728,385	3,702,092
Environmental development services	1,500,791	1,124,173	1,218,263
Recreation and cultural services	2,974,396	3,197,464	2,793,080
	21,814,983	21,020,172	20,213,831
Annual Surplus	4,246,141	5,331,440	3,886,793
Accumulated Surplus, beginning of year	59,997,086	59,997,086	56,110,293
Accumulated Surplus, end of year (note 24)	\$ 64,243,227	\$ 65,328,523	\$ 59,997,086

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, 2019

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	2019	2018
	Actual	Actual
Operating Activities		
Annual Surplus	\$ 5,331,440	\$ 3,886,793
Change in non-cash items		
Amortization	1,461,063	1,402,210
Taxes receivable (net of asset valuation allowances)	32,962	(13,336)
Other receivables (net of asset valuation allowances)	(1,554,052)	33,156
Payables	220,006	651,191
Other liabilities	41,991	47,144
Change in prepaid	191,572	(179,172)
	5,724,982	5,827,986
Capital Activities		
Acquisition of tangible capital assets	(3,148,112)	(1,670,140)
Disposals of tangible capital assets	414,024	-
	(2,734,088)	(1,670,140)
Financing Activities		
Change in bank loans	-	-
Principal payments on long-term debt	(999,848)	(999,848)
	(999,848)	(999,848)
Investing Activities		
Assets held for sale	-	-
Net increase (decrease) in cash and cash equivalents	1,991,042	3,157,998
Cash and Cash Equivalents		
Beginning of Year	26,186,710	23,028,712
End of Year	\$ 28,177,755	\$ 26,186,710

Municipality of the District of Lunenburg
Consolidated Statement of Changes in Financial Net Financial Assets
For the Year Ended March 31, 2019

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	2019	2018
	Actual	Actual
Annual Surplus	\$ 5,331,440	\$ 3,886,793
Acquisition of tangible capital assets	(3,148,112)	(1,670,140)
Amortization of tangible capital assets	1,461,063	1,402,210
Disposal of tangible capital assets	414,024	-
	(1,273,023)	(267,927)
Acquisition of prepaid expenses	191,572	(179,172)
Increase in Net Financial Assets	4,249,980	3,439,694
Net Financial Assets		
Beginning of Year	20,440,955	17,001,261
End of Year	\$ 24,690,934	\$ 20,440,955

1. Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

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

(b) Consolidated Entities

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

(i) Consolidated Entities

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

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

(ii) Non-Consolidated Entities

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

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

(iii) Trust Funds

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

	2019	2018
	Actual	Actual
Burial funds	\$ 2,942	\$ 2,880
School lands	26,227	26,227
Lunenburg County Community Fund	186,410	-
	\$ 215,579	\$ 29,107

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

(c) Basis of Accounting

(i) PSAB Recommendations

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

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

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

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

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

(ii) Use of Estimates

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

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

(c) Basis of Accounting (continued)

(iii) Taxation and Related Revenues

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

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

(iv) Accounts Receivable

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

(v) Tangible Capital Assets

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

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

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

No amortization is recorded in the year of acquisition.

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

(c) Basis of Accounting (continued)

(vi) Employee Future Benefit Obligations

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

(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:
 - is directly responsible; or
 - accepts responsibility; and
- (iv) 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:

	2019		2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Western Regional Housing Authority (a)	\$ 35,000	\$ 7,953	\$ 30,261
South Shore Regional Library Board (b)	160,000	159,715	159,715
South Shore Regional Enterprise Network (c)	60,000	26,519	60,000
Property Valuation Services Corporation (3. c)	680,700	688,246	680,693
	<u>\$ 935,700</u>	<u>\$ 882,433</u>	<u>\$ 930,669</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 2018-19 was \$7,953 (2017-18 - \$30,261).

(b) Contribution to Regional Library Board

During 2018-19, the Municipality paid \$159,715 (2017-18 - \$159,715) to the Regional Library Board as its share of operating costs.

(c) Contribution to South Shore Regional Enterprise Network

In January 2017, the Municipality entered into an inter-municipal agreement with other municipalities in South Western Nova Scotia to form a Regional Enterprise Network. In July 2018, the participating units terminated the agreement effective September 30, 2018. During 2018-19, the Municipality's share was \$26,519 (2017-18 - \$60,000).

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 2018-2019 the education tax rate was \$0.3048 (2017-18 - \$0.3048) per \$100 of uniform assessment multiplied by the uniform assessment of \$2,625,377,705 (2017-18 - \$2,562,519,971) for a total amount paid of \$8,002,151 (2017-18 - \$7,810,561).

(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 2018-19 the Municipality paid \$435,528 (2017-18 - \$436,267) 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 2018-19 \$17.695 million (2017-18 - \$17.17 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 2018-19 the Municipality paid \$688,246 (2017-18 - \$680,693) 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). Subsequent to March 31, 2019 Council agreed to write off the \$1,645,979 remaining balance.

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

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

Included in the Municipality's consolidated financial statements are its proportionate share of the net assets in the amount of \$15,529,557 (2017-18 - \$16,011,069). The following table provides supplementary financial information for the LCLC as of March 31:

Financial Position	2019		2018
	MODL Share	TOTAL	
Financial Assets	\$ 222,617	\$ 4,427,584	\$ 4,685,202
Liabilities	202,273	4,386,896	4,689,609
Net Financial Assets (Liabilities)	20,344	40,688	(4,407)
Non Financial Assets	15,509,213	31,018,425	32,026,545
Net Assets (Liabilities)	\$ 15,529,557	\$ 31,059,113	\$ 32,022,138

As of March 31, 2019, MODL had the following related party transactions with the LCLC:

	2019	2018
Due to LCLC	\$ 393	\$ 7,275
Operating Grants paid to LCLC	408,413	400,776
Capital Grants paid to LCLC	31,587	19,375

4. Cash and Cash Equivalents	2019	2018
	<u>Actual</u>	<u>Actual</u>
Included in Cash are Restricted Amounts		
Gas Tax grant program	\$ 3,295,221	\$ 2,760,140
Lunenburg County Lifestyle Centre	162,946	127,622
Tax Sale Surplus	900,969	871,580
Landfill Closure	871,876	940,170
	<u>5,231,012</u>	<u>4,699,512</u>
Unrestricted Cash	<u>22,946,743</u>	<u>21,487,198</u>
	<u><u>\$ 28,177,755</u></u>	<u><u>\$ 26,186,710</u></u>
Cash Made Up Of:		
Operating Fund	\$ 12,643,859	\$ 10,773,722
Capital Fund	92,085	1,196,473
Reserve Fund	15,278,865	14,088,892
Lunenburg County Lifestyle Centre	162,946	127,622
	<u><u>\$ 28,177,755</u></u>	<u><u>\$ 26,186,710</u></u>

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

5. Taxes Receivable

	2019	2018
	Actual	Actual
Balance, beginning of year	\$ 1,821,321	\$ 1,807,985
Current year's tax levy	27,140,956	26,477,942
Interest on overdue taxes and rates	291,596	278,012
	29,253,873	28,563,939
Deduct		
Collections	26,459,136	25,864,289
Adjustments, write-offs & bad debt expense	91,222	56,516
Exemptions for taxes	148,891	146,770
	26,699,248	26,067,575
Sub-total	2,554,624	2,496,364
Allowance for doubtful accounts	(766,267)	(675,045)
Net taxes receivable	\$ 1,788,359	\$ 1,821,321

6. Other Receivables

(a) Other	2019		2018	
	Actual		Actual	
Governments				
Government of Canada and its agencies	\$	126,398	\$	265,825
Province of Nova Scotia and its agencies		898,972		77,952
Trust Fund		(204)		1,753
Municipal Joint Service Board ("MSJSB")		22,587		-
Wileville Fire Department		-		7,432
Municipal Governments		86,216		63,754
		<u>1,133,970</u>		<u>416,716</u>
General Public		653,199		61,363
LaHave River Stright Pipe Loans		234,837		-
Clean Energy Financing Loans		90,310		80,386
		<u>978,346</u>		<u>141,749</u>
Allowance for Doubtful Accounts		(64)		(265)
	\$	<u>2,112,252</u>	\$	<u>558,200</u>
Other Receivables Found in:				
Operating Fund	\$	406,670	\$	366,880
Capital Fund		1,624,240		148,532
Reserve Fund		-		-
Trust Fund		-		-
Other		81,341		42,788
	\$	<u>2,112,252</u>	\$	<u>558,200</u>

(b) Allowances for Doubtful Accounts

	2019		2018	
	Actual		Actual	
Due from general public	\$	64	\$	265
	\$	<u>64</u>	\$	<u>265</u>

7. Other Liabilities

	2019	2018
	Actual	Actual
Deferred Revenues		
Other	\$ 65,538	\$ 152,427
Lunenburg County Lifestyle Centre	<u>67,544</u>	<u>40,723</u>
	133,082	193,150
Other		
Prepaid Taxes	757,457	695,824
Tax Sale Surplus (note 8)	900,969	871,580
Riverport School environmental liability (note 7b)	595,223	595,223
Pension liability	1,343,293	1,140,206
Landfill closure liability (note 7a)	408,830	586,890
Lunenburg County Community Fund (note 7c)	466,094	-
	<u>\$ 4,604,949</u>	<u>\$ 4,082,873</u>

(a) Landfill Site Closure

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

Municipalities are required to recognize closure costs as an expense and make an equivalent transfer into a special capital reserve fund in each period that the landfill accepts solid waste. Recognition of closure costs started on the date the landfill began accepting solid waste. The Municipality has site closure reserves which are in excess of the landfill liability. Total transfers to site closure capital reserves and interest earned on these reserve funds at March 31, 2019 was \$871,876 (2018 - \$940,170). 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 (2018 - \$586,890).

The future landfill site closure costs were forecast with inflation at 2% per annum and discounted back to March 31, 2018 using a discount rate of 2.5%. A gross landfill closure liability of \$408,830 (2018 - \$586,890) 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)

	2019 Actual	2018 Actual
Estimated gross landfill closure cost	\$ 408,830	\$ 586,890
Reserves for Site Closure	871,876	940,170

(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 will take one year. An extension until October 2018 was approved and is currently being monitored as per legislation.

(c) Lunenburg County Community Fund Liability

The Lunenburg County Community Fund (LCCF) has pledged to donate up to \$1,000,000 to help finance the LaHave River Straight Pipe Project. To date, the fund has donated \$652,504. In accordance with the Memorandum of Understanding between MODL and the LCCF, homeowner payments up to one million dollars are transferred to a Trust Fund in the name of the LCCF to be used on future mutually agreed upon projects. Homeowner payment of \$186,410 were received throughout the 2018-19 fiscal year, leaving a liability to the LCCF of \$466,094.

	2019 Actual	2018 Actual
LCCF amount received	\$ 652,504	\$ -
Homeowner payments transferred to Trust	186,410	-
Balance left to transfer (liability)	\$ 466,094	\$ -

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. The surplus from 1999 in the amount of \$17,902 was transferred to the Capital Reserve in Fiscal 2019. 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:

	2019	2018
	Actual	Actual
1999	-	17,902
2000	-	-
2001	11,646	11,646
2002	15,918	15,918
2003	48,157	48,157
2004	3,556	3,556
2005	13,783	13,783
2006	62,358	62,358
2007	4,247	4,247
2008	8,368	8,368
2009	86,299	150,466
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	117,401
2018	18,188	27,327
2019	125,588	-
	<u>\$ 900,969</u>	<u>\$ 871,581</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:

Debentures - Municipal Finance Corporation

	Due	Balance April 1	Added (Redeemed)	Balance March 31	Interest	Blended Interest Rate
Environmental health services	June 1, 2021	\$ 480,000	\$ (120,000)	\$ 360,000	\$ 19,136	4.95%
Economic dev & environmental	June 1, 2020	1,960,000	(245,000)	1,715,000	85,501	4.70%
Economic dev & environmental	Oct. 24, 2021	2,080,000	(520,000)	1,560,000	84,868	4.50%
Various purposes	Nov 9, 2020	344,543	(114,848)	229,695	11,166	3.25%
		\$ 4,864,543	\$ (999,848)	\$ 3,864,695	\$ 200,671	

(b) Principal Payments

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

2020	\$ 999,848
2021	\$ 2,224,847
2022	\$ 640,000
2023	\$ -
2024	\$ -

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

9. Long-term Debt (continued)

(c) Total Charges for Long-term Debt

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

	2019		2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Principal payments			
Environmental health services	\$ 120,000	\$ 120,000	\$ 120,000
Economic and environmental development	879,900	879,848	879,848
	999,900	999,848	999,848
Interest payments			
Environmental health services	\$ 21,100	\$ 19,136	\$ 25,080
Economic and environmental development			
Development at Exit 12	184,100	170,369	205,275
Various purposes	12,700	11,166	14,932
	217,900	200,671	245,287
	\$ 1,217,800	\$ 1,200,519	\$ 1,245,135

(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.

Municipality of the District of Lunenburg
Notes to Consolidated Financial Statements
For the Year Ended March 31, 2019

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10. Tangible Capital Assets	Restated Cost - Beg of Year	Additions	Cost Disposals & Write Offs	Cost-End of Year	Amort Disposals & Write Offs	Amort in Year	Acc Amort Beg of Year	Acc Amort End of Year	Net Book Value	
									2019	2018
Municipal General										
Land	\$ 5,687,610	\$ 25,965	\$ -	\$ 5,713,576	\$ -	\$ -	\$ -	\$ -	\$ 5,713,576	\$ 5,687,610
Land Improvements	1,324,042	328,574	-	1,652,616	-	52,757	329,177	381,934	1,270,682	994,865
Buildings	1,590,101	518,809	-	2,108,910	-	57,678	589,201	646,879	1,462,031	1,000,900
Buildings/Plants - WWTP	6,243,425	-	-	6,243,425	-	250,469	2,836,201	3,086,670	3,156,756	3,407,225
Electronic Equipment	493,802	39,860	71,520	462,142	71,520	45,329	400,182	373,991	88,151	93,620
Small Equipment	141,903	30,953	10,841	162,015	10,841	2,953	132,872	124,984	37,030	9,031
Machinery & Equipment	902,326	43,156	-	945,482	-	52,766	321,641	374,407	571,074	580,684
Vehicles	156,481	95,681	23,652	228,510	23,652	21,876	95,201	93,425	135,085	61,281
Wharves	378,674	-	-	378,674	-	15,147	138,123	153,270	225,404	240,551
Roads and Streets	5,853,134	271,989	-	6,125,123	-	192,489	2,056,657	2,249,146	3,875,977	3,796,477
Sidewalks	584,165	-	428,301	155,865	14,277	19,472	24,077	29,272	126,593	560,089
Sewer System	7,520,049	49,498	-	7,569,547	-	168,849	1,479,056	1,647,904	5,921,643	6,040,993
LaHave Straight Pipe Project	147,501	1,692,166	-	1,839,667	-	18,438	6,423	24,860	1,814,806	141,078
Other	1,014,747	19,874	-	1,034,621	-	50,531	249,200	299,731	734,889	765,547
	32,037,960	3,116,525	534,312	34,620,173	120,288	948,752	8,658,010	9,486,474	25,133,699	23,379,950
Other units share REMO	(44,208)	-	-	(44,208)	-	(789)	(26,946)	(27,736)	(16,473)	(17,262)
	31,993,752	3,116,525	534,312	34,575,964	120,288	947,963	8,631,064	9,458,738	25,117,226	23,362,688
Lunenburg County Multi-Purpose Centre Corporation (50% equity)										
Land	433,583	-	-	433,583	-	-	-	-	433,583	433,583
Land Improvements	1,424,272	-	-	1,424,272	-	56,971	255,368	312,339	1,111,933	1,424,272
Building	15,855,014	9,535	-	15,864,549	-	398,592	1,783,300	2,181,892	13,682,657	15,855,014
Furniture and fixtures	167,852	-	-	167,852	-	16,785	69,798	86,583	81,269	167,852
Computer equipment	108,290	10,181	-	118,470	-	13,059	89,602	102,661	15,809	108,290
Equipment	307,753	9,122	-	316,875	-	27,694	112,626	140,319	176,556	307,753
Work in Progress	-	2,750	-	2,750	-	-	-	-	2,750	-
Total Tangible Capital Assets	18,296,761	31,588	-	18,328,349	-	513,100	2,310,693	2,823,793	15,504,556	18,296,761
Total Tangible Capital Assets	\$ 50,290,513	\$ 3,148,112	\$ 534,312	\$ 52,904,313	\$ 120,288	\$ 1,461,063	\$ 10,941,757	\$ 12,282,531	\$ 40,621,782	\$ 39,348,758

11. Commitments

(a) Payments

- i) The Municipality entered into a seven-year contract for garbage collection which has been extended by one year. The contract term is April 1, 2012 to March 31, 2020 and requires the following payments: 2017 - \$1,530,033; 2018– \$1,530,033; 2019 - \$1,530,033; 2020 - \$1,530,033 (before HST). On December 7, 2012, the Municipality, the Town of Bridgewater and Town of Mahone Bay entered into a ten-year contract to outsource the blue bag recycling and marketing of related materials of the LRRCF operation. The payments are based on tonnage of recyclable material sent FOB to the LRRCF, with built in annual base cost escalator and fuel adjustment clause.

(b) School

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

(c) Osprey Village

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

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

11. Commitments (continued)

(d) Partnership Project

Effective August 28, 2018 the Municipality renewed its contract with the Canadian Air Engineering Flight and 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	\$ 1,242	\$ 976	\$ 2,219
Interest income earned in trust	211	211	422
Less: paid to school for books	(1,242)	(976)	(2,218)
Balance available for book purchases	\$ 212	\$ 212	\$ 423

(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 with no capital contribution to the existing assets.

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

The assets reflected on the capital fund balance sheet represent the Municipality's interest in the total capital cost.

	Interest	2019	2018
Apportionment of capital costs			
Town of Bridgewater	53.10%	\$ 16,473	\$ 17,262
Municipality of the District of Lunenburg	46.90%	14,547	15,244
	100.00%	\$ 31,020	\$ 32,506

12. Assessed Property Taxation

	2019	2018
	Budget	Actual
Total taxes and rates	\$ 28,262,600	\$ 28,704,916
Less:		
Taxes collected on behalf of others:		
School Board levy	8,002,200	8,002,151
Correctional Services	436,000	435,528
Deficit of Regional Housing Authority	35,000	7,953
	8,473,200	8,445,632
Net taxes and rates	\$ 19,789,400	\$ 20,259,284

12 (a) Schedule of Other Revenues & Conditional Transfers

	Actual 2019	Actual 2018
Other revenue from own sources		
<i>Operating fund revenue</i>		
Licenses & permits	\$ 69,904	\$ 64,211
Police prosecution & fines	78,851	96,022
Rentals	115,300	106,893
CES/CEF Expense Recovery	67,489	31,404
Interest - bank accounts and pension	806,074	507,829
Interest on overdue taxes	297,663	280,897
Administration charges - REMO	6,719	6,719
Tax Sale fees	54,965	49,423
Open Space Fees	64,892	42,764
Tax Information - third parties	75,380	77,779
Tax Sale surplus	17,902	44,277
Pro-Kids	20,494	21,059
Economic Development grants & VIC	65,361	59,550
Sale of Services	97,380	108,412
Other Administrative revenues	41,472	118,802
<i>Capital fund revenue</i>		
Aerated compost carts	-	690
Sewer user connect fees	-	100
LCLC fundraising	-	25,500
Sale of Assets (golf course, used vehicle, and land)	-	207
Liability funding - Riverport School	-	1,700
Lun Co Community Fund	607,656	-
Other Contributions	85,031	
Interest on receivables	(12,500)	5,996
Donated assets (land)	-	17,000
Gain on sale of assets	2,600	-
<i>LCLC consolidated revenue</i>	528,673	496,456
	<u>\$ 3,091,306</u>	<u>\$ 2,163,690</u>
Conditional transfers from other governments		
Gas Tax revenue	1,214,141	1,204,981
Federal & Provincial capital grants	1,195,967	270,672
Provincial operating grants	54,532	70,638
LCLC consolidated government transfers	206,685	221,684
	<u>\$ 2,671,325</u>	<u>\$ 1,767,975</u>

13. Employee Benefits

(a) Pension Agreements

The Municipality makes contributions to two Pension Plans for the employees of the Municipality. Employees hired after June 25, 2013 are members of a defined contribution pension plan where the Municipality matches the employees' contributions up to 8 % of earnings. Employer costs for 2018 were \$118,815 (2017: \$131,330).

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

Due to funding levels, a full statutory actuarial review is required every year of the Plan to comply with Provincial Pension Legislation. The most recent statutory actuarial review as of year-end was completed in 2018. As at December 31, 2018, the actuary reported on a going concern basis, actuarial valued assets of \$8,943,267 and market value of \$8,528,272 (2017 - \$8,702,256 and market of \$8,932,568); and, liabilities of \$9,100,610 (2017 - \$8,927,389) in addition to an actuarial deficit of \$157,343 (2017 - \$225,133). Pension legislation also requires a solvency valuation. If the Plan was wound up as of December 31, 2018, it would have a solvency deficiency of \$3,911,809 (2017 - \$3,481,054). The members contribute 5 % of their earnings to the plan together with a matching 9.8 % contribution by the Municipality. The Municipality is also required to make total special payments of \$20,754 per year for 7 years from the valuation date and \$20,077 for 3 more years. Beginning in 2015, municipal employees in the plan help fund these special payments through wage concessions (an additional 6 %). Based on the December 31, 2018 actuarial going concern valuation, the regular contributions along with the required special payments, are expected to be sufficient to cover the Plan's obligation on a going concern basis. Nevertheless, emerging experience, differing from assumptions, will result in gains or losses that will be revealed in future valuations. The following table summarizes the results of the Fiscal 2018 statutory actuarial solvency review:

Valuation December 31	2018	2017
Solvency Assets, net of estimated wind up expenses	\$ 8,468,272	\$ 8,872,568
Solvency Liabilities	<u>12,380,081</u>	<u>12,353,622</u>
Total Solvency deficit	<u>\$ (3,911,809)</u>	<u>\$ (3,481,054)</u>

13. Employee Benefits

(a) Pension Agreements (continued)

Changes to the Pension Benefits Act (Nova Scotia) eliminated the need to fund solvency deficits for Municipal Pension Plans.

In the event that the Plan was wound-up, the Municipality would need to fully fund the shortfall. As of December 31, 2018, the shortfall, according to our actuary, was \$3,988,865. These wind-up costs differ from the solvency deficiency because grow-in benefits are taken into account in the wind-up costs.

In 2018, the Municipality had an unamortized pension cost of \$2,000,475 (2017 - \$1,938,022) resulting from, in most part, from the increase in pension liabilities resulting from lower pension discount rates as long-term bond yields declined. This cost is amortized based on actuarial estimates.

December 31	2018 Actual	2017 Actual
Benefits expense		
Current period cost	\$ 337,370	\$ 382,305
Amortization of net actuarial loss	268,508	277,572
Employee contributions for the year	(70,594)	(79,997)
Benefit expense	<u>\$ 535,284</u>	<u>\$ 579,880</u>
Interest expense		
Interest cost or accrued benefit obligation	\$ 418,302	\$ 403,645
Expected return on plan assets	(573,236)	(536,462)
Interest expense	<u>\$ (154,934)</u>	<u>\$ (132,817)</u>
Accrued benefit asset (liability)		
Accrued benefit asset (liability) at start of year	\$ (1,140,207)	\$ (906,776)
Benefit expenses for year	(535,284)	(579,880)
Interest expense for year	154,934	132,817
Employer contribution for year	177,263	213,632
Accrued benefit asset (liability) at end of year	<u>\$ (1,343,294)</u>	<u>\$ (1,140,207)</u>

13. Employee Benefits

(a) Pension Agreements (continued)

December 31	2018 Actual	2017 Actual
Unamortized losses		
Cumulative unamortized loss at start of year	\$ (1,938,022)	\$ (2,306,239)
Annual amortization amount	268,508	277,572
Experience & Investment loss (gain)	(330,961)	90,645
Cumulative unamortized loss at end of year	<u>\$ (2,000,475)</u>	<u>\$ (1,938,022)</u>
Actuarial Basis		
Plan assets	\$ 8,943,267	\$ 8,702,256
Plan liabilities (accrued benefit obligation)	<u>(9,100,610)</u>	<u>(8,927,389)</u>
Plan deficit at end of year	<u>\$ (157,343)</u>	<u>\$ (225,133)</u>
Assumptions:		
Expected return on assets	5.75%	5.75%
Discount rate at start of year	3.50%	3.50%
Discount rate at end of year	3.75%	3.50%
Annual salary increases	2.00%	2.00%
Actual net investment rate of return	-1.89%	8.35%

Retirement Age - 50% upon attainment of age 50 and 90 points (age plus service); the rest at age 60.
Actuarial Cost Method - Projected Accrued Benefit prorated on Service.

(b) Employee Future Benefit Obligations

The most recent actuarial valuation of sick leave benefits was March 31, 2016. 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, 2019 and consist of the following:

	2019 Actual	2018 Actual	Net Change
Accrued sick leave	\$ 60,000	\$ 60,000	\$ -
Service awards	21,600	21,000	600
Vacation pay	219,495	221,113	(1,618)
	<u>\$ 301,095</u>	<u>\$ 302,113</u>	<u>\$ (1,018)</u>

13. Employee Benefits (continued)

(a) Employee Future Benefit Obligations (continued)

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 2018-19 are \$60,000 (\$60,000 – 2017-18) 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.

	2019	2018
	Actual	Actual
Salaries, benefits & other personnel costs	\$ 3,851,018	\$ 3,938,678
Long-term interest charges	266,732	258,929
Materials, outsourced and other	7,717,898	6,918,091
Amortization	1,461,063	1,411,877
Utilities	552,178	559,818
Rents	1,693	1,790
Grants (note 16b)	515,254	619,324
Fire Area Rates	3,216,131	3,099,050
Policing and corrections	3,289,315	3,259,505
Contributions to Boards and Agencies (note 2)	-	-
Reduced taxes	148,891	146,770
Total consolidated statement of operations expenditures	\$ 21,020,172	\$ 20,213,832

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 2019 fiscal year the Municipality issued payments as government transfers as follows:

	2019		2018
	Budget	Actual	Actual
Grants to fire departments	\$ 165,300	\$ 165,340	\$ 161,972
Grants to agencies and institutions	441,000	325,914	422,385
	\$ 606,300	\$ 491,254	\$ 584,357

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.

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

	<u>2019</u>	<u>2018</u>
Tipping fee payments & monitoring	\$ 1,241,796	\$ 1,297,112
IT Services	179,023	175,086
HR Services	22,593	17,062
Payable for landfill closure and post closure costs	408,830	586,890

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	
	2019	2018	2019	2018	2019	2018
Mayor Carolyn Bolivar-Getson	\$ 50,310	\$ 46,968	\$ 13,101	\$ 12,040	\$ 63,411	\$ 59,008
Councillor/Deputy Mayor Cathy Moore	29,670	24,641	4,367	4,008	34,037	28,649
Councillor/Deputy Mayor Martin Bell	31,181	27,777	5,029	6,232	36,210	34,009
Councillor Wade Carver	25,984	24,641	1,687	1,990	27,671	26,631
Councillor Michael Ernst	25,984	24,641	1,070	995	27,054	25,636
Councillor Claudette Garland	25,984	29,741	2,729	4,812	28,713	34,553
Councillor Eric Hustvedt	25,984	24,641	4,785	5,934	30,769	30,575
Councillor Errol Knickle	25,984	24,641	1,106	1,478	27,090	26,119
Councillor Lee Nauss	25,984	24,641	3,043	6,306	29,027	30,947
Councillor John Veinot	25,984	24,641	379	814	26,363	25,455
Councillor Reid Whynot	25,984	24,641	5,484	4,070	31,468	28,711
	319,033	301,614	42,780	48,679	361,814	350,293
Chief Administrative Officer	135,421	132,896	7,441	7,791	142,862	140,687
	\$ 454,454	\$ 434,510	\$ 50,220	\$ 56,470	\$ 504,674	\$ 490,980

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 2018-19 (\$0 in 2017-18).

19. Area Rates

	2019	2018
	Actual	Actual
Balance, beginning of year	\$ (154,866)	\$ 118,344
Rates levied		
Fire protection	3,217,235	3,067,539
Street lighting	121,544	48,356
Hydrant charges	58,895	54,611
Sewer	596,817	600,671
	3,839,625	3,889,520
Services provided in current year		
Fire protection payments	3,216,131	3,099,050
Street lighting	144,678	150,272
Hydrant charges	56,705	54,028
	3,417,514	3,303,351
Sewer		
Collection and disposal systems	537,067	566,035
Transfer to restricted reserve surplus	175,000	175,000
Total sewer	712,067	741,035
	4,129,581	4,044,385
Balance, end of year	\$ (289,957)	\$ (154,866)

19. Area Rates (continued)	Balance, beginning of year	Rates levied for current year	Total	Services Provided in current year	Balance, end of year
Fire protection					
Big Tancook Island	\$ 24	\$ 9,927	\$ 9,951	\$ 9,927	\$ 24
Blockhouse	66	140,934	141,000	140,940	59
Conquerall Bank	6	90,204	90,210	90,210	-
Cornwall	-	94,374	94,374	94,374	-
Dayspring and District	-	171,046	171,046	171,046	-
District No. 1 Fire Protection	(23)	271,665	271,642	271,724	(82)
Hebb's Cross	(125)	60,955	60,830	60,830	-
Hebbville	(150)	147,502	147,352	147,372	(20)
Hemford and District	4	42,291	42,295	42,431	(136)
Indian Point	-	38,891	38,891	38,891	-
Italy Cross	-	82,988	82,988	82,988	-
LaHave and District	(389)	155,120	154,731	154,741	(10)
Lapland and District	1	37,878	37,879	37,879	-
Maders Cove	-	56,420	56,420	56,420	-
Martins River	-	88,497	88,497	88,497	-
Midville and District	-	71,082	71,082	71,082	-
New Germany	467	245,977	246,444	246,453	(8)
Northfield	-	325,551	325,551	325,587	(36)
Oakhill	622	162,399	163,021	163,021	-
Oakland/Clearland	(1,363)	84,236	82,873	82,873	-
Petite Riviere & Crousetown	64	109,054	109,118	109,138	(20)
Pleasantville	(5)	91,486	91,481	91,151	330
Riverport	57	339,371	339,428	339,347	81
Tri-District ¹	(48)	154,041	153,993	153,993	-
United Communities	(64)	71,312	71,248	71,248	-
Walden	-	16,277	16,277	16,277	(0)
Wileville	(63)	57,756	57,693	57,691	2
	(919)	3,217,235	3,216,316	3,216,131	185
Hydrants	(2,317)	58,895	56,578	56,705	(127)
Sewer services	(81,628)	596,817	515,189	712,067	(196,878)
Street lighting	(70,003)	121,544	51,541	144,678	(93,137)
	<u>\$ (154,866)</u>	<u>\$ 3,994,491</u>	<u>\$ 3,839,624</u>	<u>\$ 4,129,581</u>	<u>\$ (289,957)</u>

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	\$ 200,000	\$ -	\$ (600)	\$ -	\$ 199,400
Surveying	17,202		-		17,202
General Operations	4,880,888		1,811,588		6,692,476
Recreation	-		5,300		5,300
Election	35,000		39,000		74,000
Open Space Strategic Plan	103,816		60,000		163,816
Employee Contingency	876,356		-		876,356
Depreciation Reserve	6,476,366		784,052		7,260,418
Recreation Complex Capital	(1,645,979)		-		(1,645,979)
PACE - Clean Energy Financing	(80,081)		(10,949)		(91,030)
Restricted To Area Rates (Sewer)	1,420,624		153,468		1,574,092
Transit Study	43,364		-		43,364
LCLC Operating Reserve	-		26,994		26,994
LaHave River Solutions	12,531		(12,531)		-
Indian Path	833		-		833
Environmental Petite Riviere	9,180		-		9,180
Pro Kids	13,718		11,445		25,163
Hirtles Beach	5,391		(2,754)		2,637
CES-CEF	193,682		22,497		216,179
SNSMR Grant	42,000				42,000
	\$ 12,604,891	\$ -	\$ 2,887,510	\$ -	\$ 15,492,401

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	940,170	20,471	(88,765)		871,876
Land Sales	765,671		(55,675)		709,996
Recreation complex depreciation	201,380	4,385	165,000		370,765
Sherbroke Lake	160,000		40,000		200,000
Trails	6,245				6,245
Lift station replacement	537				537
Gas tax revenue	2,760,140	65,148	469,933		3,295,221
Open space	65,898		64,892		130,790
Golf reserves	575,196		(515,377)		59,819
User connection fees	28,849		1,478		30,327
Aerated Carts	690		-		690
District General Capital	1,962,901	-	8,306		1,971,207
	\$ 7,473,953	\$ 90,004	\$ 89,792	\$ -	\$ 7,653,749

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. In 1998 a new position was created, the Community Economic Development Officer, to assist in the development of a long-term perspective and plan for economic development within MODL. In addition, debt costs associated with long term loans for infrastructure related to economic development are included in this section.

(f) Recreation and Culture

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

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

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

24. Accumulated Surplus

	2019 Actual	2018 Actual
Operating fund (schedule 1)	\$ 2,567,854	\$ 2,513,498
Capital fund (schedule 2)	20,556,333	17,865,044
Reserve fund (schedule 3)	23,146,150	20,078,847
Municipal Joint Service Board (note 16)	3,528,630	3,528,630
LCMPCC (note 3d)	15,529,557	16,011,069
	<u>\$ 65,328,523</u>	<u>\$ 59,997,086</u>

25. Comparative Figures

Certain 2018 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2019.

Municipality of the District of Lunenburg
Consolidated Schedule of Segment Disclosure
For the Year Ended March 31, 2019

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							<u>Consolidated</u>	
	Protective Services	Engineering Services & Streets & Roads	Environmental Health	Planning and Economic Development	Recreation, Cultural & Education	Administration and Other	2019	2018
Revenues								
Property taxes	\$ 3,276,129	\$ 121,544	\$ 596,817	-	-	\$ 16,264,793	\$ 20,259,284	\$ 19,860,347
Grants in lieu of taxes	-	-	-	-	-	203,244	203,244	198,154
Services provided to other governments	40,033	-	-	-	-	-	40,033	24,939
Other revenue from own sources	104,453	-	694,940	344,302	660,998	1,286,613	3,091,306	2,163,690
Unconditional transfers from other govts	-	-	-	-	-	86,420	86,420	85,519
Conditional transfers from other govts	-	12,548	1,111,721	19,921	312,653	1,214,483	2,671,325	1,767,975
	3,420,615	134,091	2,403,478	364,223	973,651	19,055,554	26,351,613	24,100,624
Expenditures								
Salaries, benefits & other personnel costs	416,197	279,809	6,744	536,335	1,023,621	1,588,312	3,851,018	3,938,677
Interest	-	-	19,136	181,535	63,026	3,035	266,732	258,929
Materials, outsources and other operating	70,384	917,018	3,113,688	312,174	1,276,120	2,028,514	7,717,898	6,918,091
Amortization	1,486	211,104	479,045	93,776	612,434	63,218	1,461,063	1,411,877
Utilities	60,857	144,678	109,772	-	222,263	14,608	552,178	559,818
Rents	1,340	-	-	353	-	-	1,693	1,790
Grants	189,340	-	-	-	-	325,914	515,254	619,324
Fire area rates	3,216,131	-	-	-	-	-	3,216,131	3,099,050
Policing and corrections	3,289,315	-	-	-	-	-	3,289,315	3,259,505
Contributions to boards and agencies	-	-	-	-	-	-	-	-
Reduced taxes	-	-	-	-	-	148,891	148,891	146,770
	7,245,049	1,552,609	3,728,385	1,124,173	3,197,464	4,172,492	21,020,172	20,213,831
Annual surplus (Deficit)	\$ (3,824,434)	\$ (1,418,517)	\$ (1,324,907)	\$ (759,950)	\$ (2,223,812)	\$ 14,883,061	\$ 5,331,440	\$ 3,886,793

Municipality of the District of Lunenburg
Schedule of Operating Financial Position
Schedule 1
For the Year Ended March 31, 2019

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	2019 Actual	2018 Actual
Financial Assets		
Cash and cash equivalents (note 4)	\$ 12,643,859	\$ 10,773,722
Taxes receivable (net of asset valuation allowances) (note 5)	1,788,359	1,821,321
Loan receivables (net of asset valuation allowances)	90,310	87,818
Due from other funds and consolidated entities	242,427	244,593
Other receivables (net of asset valuation allowances)	<u>293,773</u>	<u>279,062</u>
	<u>15,058,729</u>	<u>13,206,517</u>
Liabilities		
Accounts payable and accrued liabilities	741,891	1,284,163
Other liabilities		
Due to other funds and consolidated entities	8,452,101	6,574,311
Employee benefit obligations (note 13b)	301,095	302,113
Other liabilities	<u>3,006,943</u>	<u>2,712,610</u>
	<u>12,502,030</u>	<u>10,873,198</u>
Net Financial Assets	<u>2,556,699</u>	<u>2,333,319</u>
Non-Financial Assets		
Prepaid expenses	<u>11,156</u>	<u>180,180</u>
Accumulated Surplus	<u>\$ 2,567,854</u>	<u>\$ 2,513,498</u>

Municipality of the District of Lunenburg
Schedule of Operating Fund Financial Activities and change in Fund Balances
Schedule 1-1
For the Year Ended March 31, 2019

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	2019		2018
	Budget	Actual	Actual
Revenues			
Assessable property taxes ¹	\$ 28,262,600	\$ 28,704,916	\$ 28,137,436
Grants in lieu of taxes	198,200	203,244	198,154
Services provided to other governments	53,100	40,033	24,939
Other revenue from own sources	1,421,800	1,879,845	1,616,042
Unconditional transfers from other governments	87,200	86,420	85,519
Conditional transfers from other governments	51,300	54,532	70,638
Total Revenues	30,074,200	30,968,992	30,132,727
Expenditures			
General government services	4,573,300	4,109,274	3,998,132
Protective services ¹	7,787,000	7,679,091	7,504,785
Transportation services	1,308,900	1,341,505	1,166,714
Environmental health services	3,407,400	3,240,991	3,339,273
Public health services ¹	35,000	7,953	30,261
Environmental development services	1,416,600	1,030,397	1,131,054
Recreation and cultural services	1,658,200	1,467,235	1,502,786
Education ¹	8,002,200	8,002,151	7,810,561
Total Expenditures	28,188,600	26,878,598	26,483,565
Annual Operating Surplus	1,885,600	4,090,394	3,649,162
Financing and Transfers			
Debenture and term loan principal instalments	(999,900)	(999,848)	(999,848)
Transfers from (to) own reserves, fund and agencies	(802,700)	(1,216,701)	(1,304,411)
Change in Surplus after Financing & Transfers	83,000	1,873,845	1,344,903
Accumulated Surplus, Beginning of Year	2,513,498	2,513,498	2,517,138
Transfer Surplus to Operating Reserve	(83,000)	(1,819,488)	(1,348,543)
Accumulated Surplus, End of Year	\$ 2,513,498	\$ 2,567,854	\$ 2,513,498

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

Municipality of the District of Lunenburg
Schedule of Capital Fund Financial Position
Schedule 2
For the Year Ended March 31, 2019

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	2019 Actual	2018 Actual
Financial Assets		
Cash	\$ 92,085	\$ 1,196,473
Receivables (net of asset valuation allowances)	1,389,403	148,532
Loan Receivables	234,837	-
Due from other funds	213,930	503,357
	1,930,256	1,848,363
Liabilities		
Bank loan	\$ -	-
Payables	1,069,978	786,595
Due to other funds	26,014	365,329
Long-term debt (note 9a)	3,864,695	4,864,543
Other liabilities	1,530,462	1,329,540
	6,491,149	7,346,007
Net Debt	(4,560,893)	(5,497,644)
Non-Financial Assets		
Tangible capital assets (net of accumulated amortization) (note 10)	25,117,226	23,362,688
Net Assets	\$ 20,556,333	\$ 17,865,044

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, 2019

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	2019		2018
	Budget	Actual	Actual
Revenue			
Capital Contributions			
From federal and provincial governments	\$ 1,621,400	\$ 1,195,967	\$ 270,672
Gas Tax	1,214,100	1,214,141	1,204,981
From other municipal governments	5,000	5,000	-
Sundry	861,400	675,188	51,193
Gain on sale of assets	-	2,600	-
Total Revenue	3,701,900	3,092,895	1,526,846
Expenditures			
Write off of assets	-	414,024	-
Transfer to LCCF Trust	-	186,410	-
Change in Landfill Closure Liability	-	(178,060)	(95,320)
Change in Riveport School Liability	10,000	-	1,700
	10,000	422,374	(93,620)
Annual Capital Surplus	3,691,900	2,670,522	1,620,465
Financing and Transfers			
Amortization	(850,000)	(947,963)	(879,681)
Loan payments from operating fund	999,900	999,848	999,848
Transfers from own reserves, funds	9,116,500	(31,118)	204,915
	9,266,400	20,767	325,082
Change in Fund Balance	12,958,300	2,691,289	1,945,547
Beginning Balance	17,865,044	17,865,044	15,919,497
Ending Balance	\$ 30,823,344	\$ 20,556,334	\$ 17,865,044

Municipality of the District of Lunenburg
Schedule of Reserve Fund Financial Position
Schedule 3
For the Year Ended March 31, 2019

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	2019	2018
	Actual	Actual
Financial assets		
Cash and cash equivalents (note 4)	\$ 15,278,865	\$ 14,088,892
Due from other funds	8,190,684	6,673,160
	<u>23,469,549</u>	<u>20,762,052</u>
Liabilities and Fund Balance		
Due to other funds	323,395	683,206
Net Financial Assets	<u>23,469,545</u>	<u>20,078,846</u>
Fund Balance		
Capital	7,653,749	7,473,953
Operating	15,492,401	12,604,891
	<u>\$ 23,146,150</u>	<u>\$ 20,078,846</u>

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, 2019

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			2019	2018
	Capital Reserve Actual	Operating Reserve Actual	Total Reserve Actual	Total Reserve Actual
Revenue				
Interest on savings	\$ 90,004	\$ -	\$ 90,004	\$ 70,795
Total Revenue	<u>90,004</u>	<u>-</u>	<u>90,004</u>	<u>70,795</u>
Expenditures				
Municipalities & other	-	-	-	-
Annual Reserve Surplus	<u>90,004</u>	<u>-</u>	<u>90,004</u>	<u>70,795</u>
Financing and Transfers				
Transfers (from) to own				
Capital Fund & Operating Fund	89,792	1,068,023	1,157,815	1,028,701
Operating Surplus Transfer	-	1,819,488	1,819,488	1,348,543
	<u>89,792</u>	<u>2,887,512</u>	<u>2,977,303</u>	<u>2,377,244</u>
Change in Fund Balance	<u>179,796</u>	<u>2,887,512</u>	<u>3,067,308</u>	<u>2,448,038</u>
Beginning Balance	<u>7,473,953</u>	<u>12,604,891</u>	<u>20,078,844</u>	<u>17,630,807</u>
Ending Balance	<u>\$ 7,653,749</u>	<u>\$ 15,492,401</u>	<u>\$ 23,146,150</u>	<u>\$ 20,078,847</u>

Municipality of the District of Lunenburg
Schedule of Tax Sale Account Assets, Liabilities and Operations
Schedule 4
For the Year Ended March 31, 2019

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Schedule of Tax Sale Account - Assets and Liabilities

	2019	2018
	Actual	Actual
Financial Assets		
Cash and cash equivalents	\$ 900,969	\$ 871,580
Tax Sale Surplus Liability	\$ 900,969	\$ 871,580

Schedule of Tax Sale Operations

	2019	2018
	Actual	Actual
Revenue		
Tax Sale Surplus funds received	\$ 125,588	\$ 27,327
Expenses		
Tax Sale Surplus payments	(96,200)	(196,761)
Change in Tax Sale Surplus	29,389	(169,434)
Beginning Tax Sale Surplus	871,580	1,041,014
Ending Tax Sale Surplus	\$ 900,969	\$ 871,580

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

TRUST FUNDS

FINANCIAL STATEMENTS

MARCH 31, 2019



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

**Municipality of the District of Lunenburg
Trust Funds
Financial Statements
March 31, 2019**

Independent Auditor's Report B-1a, 1b

Statement of Financial Position B2

Notes to Financial Statements B3-B4

INDEPENDENT AUDITOR'S REPORT

To the Council of The Municipality of the District of Lunenburg

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, 2019, 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, 2019, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Belliveau Veinotte Inc.

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Bridgewater, Nova Scotia
September 24, 2019

Municipality of the District of Lunenburg
Trust Funds
Statement of Financial Position
For the Year Ended March 31, 2019

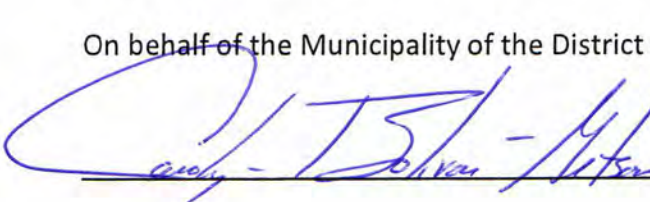
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STATEMENT OF TRUST FUNDS RESERVES

				March 31	
				2019	2018
	Burial Funds	School Lands	LCCF	Actual	Actual
Assets					
Cash	\$ 2,942	\$ 26,588	\$ -	29,530	\$ 31,283
Due from the District of Lunenburg	-	204	186,410	186,614	
	<u>\$ 2,942</u>	<u>\$ 26,792</u>	<u>\$ 186,410</u>	<u>\$ 216,144</u>	<u>\$ 31,283</u>
Liabilities					
Due to the District of Lunenburg	\$ -	\$ -	\$ -	-	1,753
Accounts payable - schools	-	565	-	565	422
Reserves					
Trust funds reserves	2,942	26,227	186,410	215,579	29,107
Reserves and Liabilities	<u>\$ 2,942</u>	<u>\$ 26,792</u>	<u>\$ 186,410</u>	<u>\$ 216,144</u>	<u>\$ 31,283</u>

Reserves Detail	(note 1) Burial Funds	School Lands	(note 3) LCCF	Year Ended March 31	
				2019	2018
				Actual	Actual
Balance, beginning of year	\$ 2,880	\$ 26,227	\$ -	\$ 29,107	\$ 29,065
Interest received on trust accounts	62	565	-	627	464
Funds received in trust	-	-	186,410	186,410	-
	<u>2,942</u>	<u>26,792</u>	<u>186,410</u>	<u>216,144</u>	<u>29,529</u>
Trust expenses	-	565	-	565	422
Transferred to Operating Fund	-	-	-	-	-
	<u>-</u>	<u>565</u>	<u>-</u>	<u>565</u>	<u>422</u>
Balance, end of year	<u>\$ 2,942</u>	<u>\$ 26,227</u>	<u>\$ 186,410</u>	<u>\$ 215,579</u>	<u>\$ 29,107</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.

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

	2019	2018
	Actual	Actual
Distribution of funds		
Conrad, Ray	\$ 1,677	\$ 1,642
Smith, Everette	776	760
Wagner, Willis	489	479
	<u>\$ 2,942</u>	<u>\$ 2,880</u>

4. School Lands

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

5. Lunenburg County Community Fund

The Municipality of the District of Lunenburg (MODL) is holding a trust fund in the amount of \$186,410 for the Lunenburg County Community Fund (LCCF). The LCCF has committed \$1,000,000 towards the cost of the LaHave River Straight Pipe Replacement Program. As per a Memorandum of Understanding between MODL and the LCCF, homeowner payments made under the program will be transferred to a Trust Fund. This Trust Fund can then be used towards other mutually agreed upon projects.

	2019	2018
	Actual	Actual
Balance, beginning of year	\$ -	\$ -
Homeowner payments	186,410	-
Balance, end of year	<u>\$ 186,410</u>	<u>\$ -</u>