

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

FINANCIAL STATEMENTS

MARCH 31, 2018



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

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MUNICIPALITY OF THE DISTRICT OF LUNENBURG

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018



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

Municipality of the District of Lunenburg
Consolidated Financial Statements
March 31, 2018

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MUNICIPALITY OF THE DISTRICT OF LUNENBURG

Consolidated Financial Statements

Year ended March 31, 2018

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.

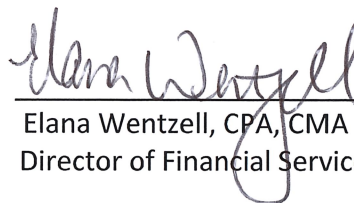
The Municipality’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on 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.



Kevin Malloy CPA, CA
Chief Administrative Officer



Elana Wentzell, CPA, CMA
Director of Financial Services and Treasurer

September 11, 2018

INDEPENDENT AUDITOR'S REPORT

To the Council of the Municipality of the District of Lunenburg

We have audited the accompanying consolidated financial statements of Municipality of the District of Lunenburg, ("the Municipality"), which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of operations, cash flow, and changes in financial net debt for the year then ended, and related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Municipality of the District of Lunenburg as at March 31, 2018 and the results of its operations, changes in financial net debt, and its cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the Schedules on pages A-40 to A-46 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of consolidated financial statements taken as a whole

The financial statements for the year ended March 31, 2017 were audited by another accounting firm.

Belliveau Veinotte cnc.

Bridgewater, Nova Scotia
September 11, 2018

REGISTERED MUNICIPAL AUDITORS
CHARTERED PROFESSIONAL ACCOUNTANTS

**Municipality of the District of Lunenburg
Consolidated Statement of Financial Position
As at March 31, 2018**

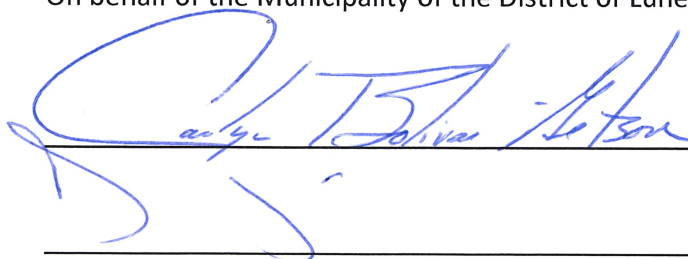
A – 2

	2018 Actual	2017 Actual
Financial Assets		
Cash and cash equivalents (note 4)	\$ 26,186,710	\$ 23,028,712
Taxes receivable (net of asset valuation allowances) (note 5)	1,821,321	1,807,985
Other receivables (net of asset valuation allowances) (note 6)	558,200	591,356
Investment in Municipal Joint Service Board (note 17)	3,528,630	3,528,630
	32,094,862	28,956,683
Liabilities		
Accounts payable and accrued liabilities	1,569,981	918,790
Long-term debt (note 10a)	4,864,543	5,864,391
Other liabilities		
Payable to other governments	834,403	917,152
Employee future benefit obligations (note 14 b)	302,113	373,835
Other (note 8)	4,082,873	3,881,259
	11,653,913	11,955,427
Net Financial Asset	20,440,955	17,001,261
Non-Financial Assets		
Tangible Capital assets (net of accumulated amortization) (note 11)	39,348,756	39,080,827
Prepaid expenses	207,385	28,213
	39,556,141	39,109,040
Accumulated Surplus (note 24)	\$ 59,997,086	\$ 56,110,293

Contingent Liabilities (note 10 d)

Commitments (note 12)

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, 2018**

A – 3

	2018		2017
	Budget	Actual	Actual
Revenue			
Assessable property taxes ¹ (note 13)	\$ 19,487,100	\$ 19,860,347	\$ 20,024,443
Grants in lieu of taxes	215,800	198,154	206,440
Services provided to other governments	43,300	24,939	57,062
Other revenue from own sources	2,981,319	2,163,690	3,996,069
Unconditional transfers from other governments	82,200	85,519	86,573
Conditional transfers from other governments	1,075,854	1,767,975	1,775,146
	<u>23,885,573</u>	<u>24,100,624</u>	<u>26,145,732</u>
Expenditures			
General government services	4,483,654	4,060,068	4,196,690
Protective services	7,086,735	7,070,004	6,845,643
Transportation services	1,504,165	1,370,325	1,327,289
Environmental health services	3,985,242	3,702,092	3,507,614
Environmental development services	1,562,791	1,218,263	1,232,990
Recreation and cultural services	2,970,078	2,793,080	3,950,985
	<u>21,592,665</u>	<u>20,213,831</u>	<u>21,061,211</u>
Annual Surplus	2,292,909	3,886,793	5,084,521
Accumulated Surplus, beginning of year	<u>56,110,293</u>	<u>56,110,293</u>	<u>51,025,779</u>
Accumulated Surplus, end of year (note 24)	<u>\$ 58,403,202</u>	<u>\$ 59,997,086</u>	<u>\$ 56,110,293</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, 2018**

A – 4

	2018 Actual	2017 Actual
Operating Activities		
Annual Surplus	\$ 3,886,793	\$ 5,084,521
Change in non-cash items		
Amortization	1,402,210	1,337,948
Taxes receivable (net of asset valuation allowances)	(13,336)	(32,557)
Other receivables (net of asset valuation allowances)	33,156	(109,540)
Payables	651,191	(933,622)
Other liabilities	47,144	1,016,727
Change in prepaid	(179,172)	(5,765)
	<u>5,827,986</u>	<u>6,357,711</u>
Capital Activities		
Acquisition of tangible capital assets	(1,670,140)	(1,463,909)
Disposals of net tangible capital assets	-	1,153,520
	<u>(1,670,140)</u>	<u>(310,390)</u>
Financing Activities		
Change in bank loans	-	-
Principal payments on long-term debt	(999,848)	(999,848)
	<u>(999,848)</u>	<u>(999,848)</u>
Investing Activities		
Assets held for sale	-	10,388
Net increase (decrease) in cash and cash equivalents	<u>3,157,998</u>	<u>5,057,861</u>
Cash and Cash Equivalents		
Beginning of Year	<u>23,028,712</u>	<u>17,970,851</u>
End of Year	<u>\$ 26,186,710</u>	<u>\$ 23,028,712</u>

**Municipality of the District of Lunenburg
 Consolidated Statement of Changes in Financial Net Debt
 For the Year Ended March 31, 2018**

	2018	2017
	Actual	Actual
Annual Surplus	\$ 3,886,793	\$ 5,084,521
Acquisition of tangible capital assets	(1,670,140)	(1,463,909)
Amortization of tangible capital assets	1,402,210	1,337,948
Disposal of net tangible capital assets	-	1,153,520
	(267,927)	1,027,561
Acquisition of prepaid expenses	(179,172)	(5,762)
Increase in Net Financial Asset	3,439,694	6,106,312
Net Financial Asset		
Beginning of Year	17,001,261	10,894,949
End of Year	\$ 20,440,955	\$ 17,001,261

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:

	2018	2017
	<u>Actual</u>	<u>Actual</u>
Burial funds	\$ 2,880	\$ 2,838
School lands	<u>26,227</u>	<u>26,227</u>
	<u>\$ 29,107</u>	<u>\$ 29,065</u>

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

(c) Basis of Accounting

(i) PSAB Recommendations

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

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

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

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

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

(ii) Use of Estimates

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

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

(c) Basis of Accounting (continued)

(iii) Taxation and Related Revenues

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

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

(iv) Accounts Receivable

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

(v) Tangible Capital Assets

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

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

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

No amortization is recorded in the year of acquisition.

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

(c) Basis of Accounting (continued)

(vi) Employee Future Benefit Obligations

The Public Sector Accounting Handbook requires accounting for and reporting obligations for employee future benefits. 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, 2018 the Riverport School site has been identified as a contaminated site (Note 8 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:

	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Property Valuation Services Corporation	\$ 680,700	\$ 680,693	\$ 680,494
Western Regional Housing Authority (a)	32,000	30,261	32,659
South Shore Regional Library Board (b)	160,000	159,715	158,134
South Shore Regional Enterprise Network	60,000	60,000	60,000
	<u>\$ 932,700</u>	<u>\$ 930,669</u>	<u>\$ 931,287</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 2017-18 was \$30,261 (2016-17 - \$32,659).

(b) Contribution to Regional Library Board

During 2017-18, the Municipality paid \$159,715 (2016-17 - \$158,134) 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 2017-2018 the education tax rate was \$0.3048 (2016-17 - \$0.3048) per \$100 of uniform assessment multiplied by the uniform assessment of \$2,562,519,971 (2016-17 - \$2,540,915,415) for a total amount paid of \$7,810,561 (2016-17 - \$7,744,710).

(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 2017-18 the Municipality paid \$436,267 (2016-17 - \$438,722) 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 2017-18 \$17.17 million (2016-17 - \$17.09 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 2017-18 the Municipality paid \$680,693 (2016-17 - \$680,494) 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 2017-18, capital donations of \$25,500 were received and paid back to the reserve fund (2016-17: \$76,000; 2015-16: \$22,500).

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 \$16,011,069 (2016-17 - \$16,489,487). The following table provides supplementary financial information for the LCLC as of March 31:

Financial Position	2018		2017
	MODL Share	TOTAL	
Financial Assets	\$ 170,410	\$ 4,685,201	\$ 5,004,911
Liabilities	172,613	4,689,608	4,979,693
Net Financial Assets (Liabilities)	(2,204)	(4,407)	25,218
Non Financial Assets	16,013,273	32,026,545	33,003,226
Net Assets (Liabilities)	\$ 16,011,069	\$ 32,022,138	\$ 33,028,444

As of March 31, 2018, MODL had the following related party transactions with the LCLC:

	2018	2017
Due to LCLC	\$ 7,275	\$ 37,478
Operating Grants paid to LCLC	400,776	428,878
Capital Grants paid to LCLC	19,375	18,394

4. Cash and Cash Equivalents	2018	2017
	<u>Actual</u>	<u>Actual</u>
Included in Cash are Restricted Amounts		
Gas Tax grant program	\$ 2,760,140	\$ 2,493,355
Lunenburg County Lifestyle Centre	127,622	32,977
Tax Sale Surplus	871,580	1,041,014
Landfill Closure	940,170	967,600
	<u>4,699,512</u>	<u>4,534,946</u>
Unrestricted Cash	<u>21,487,198</u>	<u>18,493,766</u>
	<u>\$ 26,186,710</u>	<u>\$ 23,028,712</u>
	2018	2017
	<u>Actual</u>	<u>Actual</u>
Cash Made Up Of:		
Operating Fund	\$ 10,773,722	\$ 9,984,804
Capital Fund	1,196,473	(425,009)
Reserve Fund	14,088,892	13,435,940
	<u>127,622</u>	<u>32,977</u>
Lunenburg County Lifestyle Centre	<u>\$ 26,186,710</u>	<u>\$ 23,028,712</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	2018	2017
	<u>Actual</u>	<u>Actual</u>
Balance, beginning of year	\$ 1,807,985	\$ 1,775,429
Current year's tax levy	26,477,942	26,708,484
Interest on overdue taxes and rates	278,012	282,323
	<u>28,563,939</u>	<u>28,766,236</u>
Deduct		
Collections	25,864,289	26,182,973
Adjustments, write-offs & bad debt expense	56,516	50,635
Exemptions for taxes	146,770	155,578
	<u>26,067,575</u>	<u>26,389,186</u>
Sub-total	2,496,364	2,377,050
Allowance for doubtful accounts	(675,045)	(569,067)
Net taxes receivable	<u>\$ 1,821,321</u>	<u>\$ 1,807,985</u>

6. Other Receivables

(a) Other	2018	2017
	Actual	Actual
Governments		
Government of Canada and its agencies	\$ 265,825	\$ 379,422
Province of Nova Scotia and its agencies	77,952	79,242
Trust Fund	1,753	7,020
Municipal Joint Service Board ("MSJSB")	-	-
Wileville Fire Department	7,432	14,866
Clean Energy Financing Loans	80,386	49,924
Municipal Governments	63,754	45,006
	<u>497,102</u>	<u>575,480</u>
General Public	61,363	371,956
Allowance for Doubtful Accounts	(265)	(356,081)
	<u>\$ 558,200</u>	<u>\$ 591,356</u>

Other Receivables Found in:

Operating Fund	\$ 366,880	\$ 418,491
Capital Fund	148,532	81,329
Reserve Fund	-	-
Trust Fund	-	-
Other	42,788	91,536
	<u>\$ 558,200</u>	<u>\$ 591,356</u>

(b) Allowances for Doubtful Accounts

	2018	2017
	Actual	Actual
Due from general public including waste site	265	356,081
	<u>\$ 265</u>	<u>\$ 356,081</u>

7. Golf Course Property

On April 4, 2016 the Municipality sold the Golf Course to Osprey Ridge GP Limited for \$1,000,000. These sale proceeds were transferred to the Municipality's Capital Reserve Fund as per the Municipal Government Act Section 99 (3) (a).

A surplus of \$324,572 was recorded in consolidated financial statements at March 31, 2017 as a result of this sale.

8. Other Liabilities	2018 Actual	2017 Actual
Deferred Revenues		
Other	\$ 152,427	\$ 75,000
LCLC (note 3d)	40,723	34,937
	<u>193,150</u>	<u>109,937</u>
Other		
Prepaid Taxes	695,824	546,100
Tax Sale Surplus (note 9)	871,580	1,041,014
Riverport School environmental liability (note 8b)	595,223	593,523
Pension liability	1,140,206	906,775
Landfill closure liability (note 8a)	586,890	683,910
	<u>\$ 4,082,873</u>	<u>\$ 3,881,259</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, 2018 was \$940,170 (2017 - \$967,600). 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 \$586,890 (2017 - \$683,910).

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 \$586,890 (2017 - \$683,910) 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.

	2018 Actual	2017 Actual
Estimated gross landfill closure cost	\$ 586,890	\$ 683,910
Reserves for Site Closure	940,170	967,600

8. (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 is currently being monitored as per legislation.

9. 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 1998 in the amount of \$44,277 was transferred to the Capital Reserve in Fiscal 2018. 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:

	2018	2017
	Actual	Actual
1998	-	44,277
1999	17,902	17,902
2000	-	-
2001	11,646	11,646
2002	15,918	15,918
2003	48,157	55,606
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	150,466	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	117,401	262,435
2018	27,327	-
	<u>\$ 871,580</u>	<u>\$ 1,041,014</u>

10. 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	\$ 600,000	\$ (120,000)	\$ 480,000	\$ 25,080	4.95%
Economic dev & environmental	June 1, 2020	2,205,000	(245,000)	1,960,000	97,136	4.70%
Economic dev & environmental	Oct. 24, 2021	2,600,000	(520,000)	2,080,000	108,138	4.50%
Various purposes	Nov 9, 2020	459,391	(114,848)	344,543	14,932	3.25%
		<u>\$ 5,864,391</u>	<u>\$ (999,848)</u>	<u>\$ 4,864,543</u>	<u>\$ 245,287</u>	

(b) Principal Payments

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

2019	\$ 999,848	2022	\$ 640,000
2020	999,848	2023	0
2021	2,224,847		

- (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.

10. 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:

	2018		2017
	<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	\$ 25,100	\$ 25,080	\$ 30,976
Economic and environmental development			
Development at Exit 12	199,500	205,275	239,772
Various purposes	14,900	14,932	18,360
	239,500	245,287	289,109
	\$ 1,239,400	\$ 1,245,135	\$ 1,288,957

(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, 2018**

11. 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	
									2018	2017
Municipal General										
Land	\$ 5,358,375	\$ 329,235	\$ -	\$ 5,687,610	\$ -	\$ -	\$ -	\$ -	\$ 5,687,610	\$ 5,358,375
Land Improvements	1,023,395	300,648	-	1,324,042	-	40,040	289,137	329,177	994,865	734,258
Buildings	1,535,807	54,294	-	1,590,101	-	52,864	536,337	589,201	1,000,900	999,470
Buildings/Plants - WWTP	6,243,425	-	-	6,243,425	-	250,469	2,585,732	2,836,201	3,407,225	3,657,694
Electronic Equipment	493,802	-	-	493,802	-	46,372	353,810	400,182	93,620	139,992
Small Equipment	141,903	-	-	141,903	-	4,507	128,365	132,872	9,031	13,538
Machinery & Equipment	877,933	24,393	-	902,326	-	52,310	269,332	321,641	580,684	608,601
Vehicles	156,481	-	-	156,481	-	25,894	69,306	95,201	61,281	87,175
Wharves	378,674	-	-	378,674	-	15,147	122,976	138,123	240,551	255,698
Roads and Streets	5,628,359	224,775	-	5,853,134	-	184,997	1,871,660	2,056,657	3,796,477	3,756,698
Sidewalks	304,953	279,213	-	584,165	-	5,195	18,881	24,077	560,089	286,072
Sewer System	7,404,767	262,782	-	7,667,550	-	160,470	1,325,008	1,485,478	6,182,071	6,079,759
Other	839,323	175,424	-	1,014,747	-	42,205	206,996	249,200	765,547	632,327
	30,387,196	1,650,764	-	32,037,960	-	880,470	7,777,540	8,658,010	23,379,950	22,609,656
Other units share REMO	(44,208)	-	-	(44,208)	-	(789)	(26,157)	(26,946)	(17,262)	(18,051)
	30,342,987	1,650,764	-	31,993,752	-	879,681	7,751,383	8,631,064	23,362,688	22,591,605
Lunenburg County Multi-Purpose Centre Corporation (50% equity)										
Land	433,583	-	-	433,583	-	-	-	-	433,583	433,583
Land Improvements	1,418,016	6,256	-	1,424,272	-	56,846	198,522	255,368	1,168,904	1,219,494
Building	15,851,041	3,973	-	15,855,014	-	398,274	1,385,026	1,783,300	14,071,714	14,466,015
Furniture and fixtures	163,479	4,373	-	167,852	-	16,567	53,231	69,798	98,054	110,248
Computer equipment	108,290	-	-	108,290	-	23,845	65,758	89,602	18,688	42,533
Equipment	302,978	4,775	-	307,753	-	26,998	85,628	112,626	195,127	217,351
Total Tangible Capital Assets	18,277,386	19,376	-	18,296,761	-	522,530	1,788,164	2,310,693	15,986,068	16,489,222
Total Tangible Capital Assets	\$ 48,620,373	\$ 1,670,140	\$ -	\$ 50,290,513	\$ -	\$ 1,402,210	\$ 9,539,546	\$ 10,941,757	\$ 39,348,756	\$ 39,080,827

12. 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 "SSRSB". 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 South Shore Regional School Board until such time as the Board no longer requires the asset 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 SSRSB, they are not included in the financial statements of the Municipality. The SSRSB turned over the following schools they no longer had use for: 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.

12. Commitments (continued)

(d) Partnership Project

Effective April 15, 2010 the Municipality entered into a five (5) year 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 Oakhill, Lunenburg County, Nova Scotia. Subsequent to year end the Municipality entered into negotiations with the Federal Government to renew the lease. The new lease with an expiry of March 31, 2024 has been drafted and has been forwarded to the Federal Government for the required approvals.

(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	2018	2017
Apportionment of capital costs			
Town of Bridgewater	53.10%	\$ 17,262	\$ 18,051
Municipality of the District of Lunenburg	46.90%	15,244	15,944
	<u>100.00%</u>	<u>\$ 32,506</u>	<u>\$ 33,995</u>

13. Assessed Property Taxation

	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Total taxes and rates	\$ 27,772,900	\$ 28,137,436	28,240,534
Less:			
Taxes collected on behalf of others:			
School Board levy	7,815,000	7,810,561	7,744,710
Correctional Services	438,800	436,267	438,722
Deficit of Regional Housing Authority	32,000	30,261	32,659
	<u>8,285,800</u>	<u>8,277,089</u>	<u>8,216,091</u>
Net taxes and rates	<u>\$ 19,487,100</u>	<u>\$ 19,860,347</u>	<u>\$ 20,024,443</u>

14. Employee Benefits

(a) Pension Agreements

The Municipality makes contributions to two Pension Plans for the employees of the Municipality. Employees hired after June 25, 2014 are members of a defined contribution pension plan where the Municipality matches the employees' contributions up to 8 % of earnings. Employer costs for 2017-18 were \$38,744 (2016-17: \$22,995).

Employees hired before June 25, 2014 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. Effective June 1, 2015, the Municipal Joint Services Board elected to wind-up their portion of the plan. The partial wind-up report has been approved and benefits have been paid out. The values in these statements are in respect to the MODL portion of the Plan only.

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, 2017, the actuary reported on a going concern basis, actuarial valued assets of \$8,702,256 and market value of \$8,932,568 (2017 - \$8,932,568 and market of \$8,280,856); and, liabilities of \$8,927,389 (2016 - \$8,515,647) in addition to an actuarial deficit of \$225,133 (2016 - \$500,446). Pension legislation also requires a solvency valuation. If the Plan was wound up as of December 31, 2017, it would have a solvency deficiency of \$3,481,054 (2016 - \$3,734,469). The members contribute 5 % of their earnings to the plan together with a matching 9.6 % contribution by the Municipality. The Municipality is also required to make total special payments of \$57,739 per year for 10 years from the valuation date. Beginning in 2015, municipal employees in the plan help fund these special payments through wage concessions (an additional 6 %). Based on the December 31, 2017 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 2017 statutory actuarial solvency review:

Valuation December 31	2017	2016
Solvency Assets, net of estimated wind up expenses	\$ 8,872,568	\$ 8,220,856
Solvency Liabilities	<u>12,353,622</u>	<u>11,955,325</u>
Total Solvency deficit	<u>\$ (3,481,054)</u>	<u>\$ (3,734,469)</u>

14. 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, 2017, the shortfall, according to our actuary, was \$3,555,123. These wind-up costs differ from the solvency deficiency because grow-in benefits are taken into account in the wind-up costs.

In 2017, the Municipality had an unamortized pension cost of \$1,938,022 (2016 - \$2,306,239) 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	2017	2016
	<u>Actual</u>	<u>Actual</u>
Benefits expense		
Current period cost	\$ 382,305	\$ 423,489
Amortization of net actuarial loss	277,572	288,699
Employee contributions for the year	(79,997)	(89,457)
Benefit expense	<u>\$ 579,880</u>	<u>\$ 622,731</u>
Interest expense		
Interest cost or accrued benefit obligation	\$ 403,645	\$ 394,052
Expected return on plan assets	(536,462)	(509,575)
Interest expense	<u>\$ (132,817)</u>	<u>\$ (115,523)</u>
Accrued benefit asset (liability)		
Accrued benefit asset (liability) at start of year	\$ (906,776)	\$ (639,771)
Benefit expenses for year	(579,880)	(622,731)
Interest expense for year	132,817	115,523
Employer contribution for year	213,632	240,203
Accrued benefit asset (liability) at end of year	<u>\$ (1,140,207)</u>	<u>\$ (906,776)</u>

14. Employee Benefits

(a) Pension Agreements (continued)

December 31

	2017 Actual	2016 Actual
Unamortized losses		
Cumulative unamortized loss at start of year	\$ (2,306,239)	\$ (2,706,208)
Annual amortization amount	277,572	288,699
Experience & Investment loss (gain)	90,645	111,270
Cumulative unamortized loss at end of year	<u>\$ (1,938,022)</u>	<u>\$ (2,306,238)</u>
Actuarial Basis		
Plan assets	\$ 8,702,256	\$ 8,015,201
Plan liabilities (accrued benefit obligation)	<u>(8,927,389)</u>	<u>(8,515,647)</u>
Plan deficit at end of year	<u>\$ (225,133)</u>	<u>\$ (500,446)</u>

Assumptions:

Expected return on assets	5.75%	6.50%
Discount rate at start of year	3.50%	3.50%
Discount rate at end of year	3.50%	3.50%
Annual salary increases	2.00%	2.00%

Actual net investment rate of return 8.35% 5.21%

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, 2018 and consist of the following:

	2018 Actual	2017 Actual	Net Change
Accrued sick leave	\$ 60,000	\$ 60,000	\$ -
Service awards	21,000	20,700	300
Vacation pay	221,113	224,471	(3,357)
Accrued payroll	-	68,665	(68,665)
	<u>\$ 302,113</u>	<u>\$ 373,835</u>	<u>\$ (71,722)</u>

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

14. Employee Benefits (continued)

(b) Employee Future Benefit Obligations (continued)

(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 2017-18 are \$60,000 (\$60,000 – 2016-17) based on an actuarial 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.

15. 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.

	2018	2017
	Actual	Actual
Salaries, benefits & other personnel costs	\$ 3,938,677	\$ 3,887,704
Long-term interest charges	258,929	297,760
Materials, outsourced and other	6,918,091	8,154,626
Amortization	1,411,877	1,321,305
Utilities	559,818	536,064
Rents	1,790	10,742
Grants (note 16b)	619,324	576,908
Fire Area Rates	3,099,050	2,974,900
Policing and corrections	3,259,505	3,145,626
Contributions to Boards and Agencies (note 2)	-	-
Reduced taxes	146,770	155,578
Total consolidated statement of operations expenditures	\$ 20,213,830	\$ 21,061,213

16. 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 2018 fiscal year the Municipality issued payments as government transfers as follows:

	2018		2017
	Budget	Actual	Actual
Grants to fire departments	\$ 162,000	\$ 161,972	\$ 171,859
Grants to agencies and institutions	526,500	422,385	360,441
	\$ 688,500	\$ 584,357	\$ 532,301

17. 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>2018</u>	<u>2017</u>
Tipping fee payments & monitoring	\$ 1,297,112	\$ 1,258,440
IT Services	175,086	160,890
HR Services	17,062	16,867
Payable for landfill closure and post closure costs	586,890	683,910

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.

18. 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.

19. Remuneration of Elected Officials and Chief Administrative Officer

	Remuneration		Expense Claims		Totals	
	2018	2017	2018	2017	2018	2017
Mayor Carolyn Bolivar-Getson	\$ 46,968	\$ 33,592	\$ 12,040	\$ 4,285	\$ 59,008	\$ 37,877
Former Mayor Don Downe	-	27,231	-	5,075	-	32,306
Deputy Mayor/Councillor Martin Bell	27,777	24,371	6,232	889	34,009	25,260
Councillor/Deputy Mayor Claudette Garland	29,741	32,515	4,812	5,395	34,553	37,910
Councillor Wade Carver	24,641	10,178	1,990	731	26,631	10,909
Councillor Terry Dorey	-	14,193	-	1,275	-	15,468
Councillor Michael Ernst	24,641	24,371	995	1,464	25,636	25,835
Councillor Frank Fawson	-	14,193	-	340	-	14,533
Councillor Eric Hustvedt	24,641	24,371	5,934	4,184	30,575	28,555
Councillor Errol Knickle	24,641	24,371	1,478	1,827	26,119	26,198
Councillor Cathy Moore	24,641	24,371	4,008	3,261	28,649	27,632
Councillor Lee Nauss	24,641	24,371	6,306	6,346	30,947	30,717
Councillor John Veinot	24,641	24,371	814	706	25,455	25,077
Councillor Reid Whynot	24,641	10,178	4,070	1,316	28,711	11,494
Councillor Donald Zwicker	-	14,193	-	2,429	-	16,622
	301,614	326,870	48,678	39,523	350,293	366,393
Chief Administrative Officer	132,896	128,992	7,791	10,265	140,687	139,257
	\$ 434,510	\$ 455,862	\$ 56,469	\$ 49,788	\$ 490,979	\$ 505,650

20. Area Rates	2018 Actual	2017 Actual
Balance, beginning of year	\$ 118,344	\$ 165,078
Rates levied		
Fire protection	3,067,539	2,982,300
Street lighting	48,356	168,057
Hydrant charges	54,611	53,851
Sewer	600,671	595,348
	<u>3,889,520</u>	<u>3,964,634</u>
Services provided in current year		
Fire protection payments	3,099,050	2,974,900
Street lighting	150,272	138,486
Hydrant charges	54,028	53,356
	<u>3,303,351</u>	<u>3,166,743</u>
Sewer		
Collection and disposal systems	566,035	504,546
Transfer to restricted reserve surplus	175,000	175,000
Total sewer	<u>741,035</u>	<u>679,546</u>
	<u>4,044,385</u>	<u>3,846,289</u>
Balance, end of year	<u>\$ (154,866)</u>	<u>\$ 118,344</u>

20. 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	\$ 30	\$ 9,688	\$ 9,718	\$ 9,694	\$ 24
Blockhouse	371	138,157	138,528	138,463	66
Conquerall Bank	(357)	88,537	88,180	88,175	6
Cornwall	(12)	91,413	91,401	91,401	(0)
Dayspring and District	(27)	168,359	168,332	168,332	(0)
District No. 1 Fire Protection	14,343	253,177	267,520	267,544	(23)
Hebb's Cross	345	59,877	60,222	60,346	(125)
Hebbville	4,200	146,301	150,501	150,651	(150)
Hemford and District	79	41,687	41,766	41,762	4
Indian Point	9	38,392	38,401	38,401	0
Italy Cross	-	80,149	80,149	80,149	0
LaHave and District	8,424	152,574	160,998	161,387	(389)
Lapland and District	252	37,008	37,260	37,259	1
Maders Cove	25	55,756	55,781	55,781	-
Martins River	(69)	76,720	76,651	76,651	-
Midville and District	(7)	70,266	70,259	70,259	-
New Germany	462	160,691	161,153	160,686	467
Northfield	1,283	334,812	336,095	336,095	0
Oakhill	79	157,639	157,718	157,096	622
Oakland/Clearland	-	73,614	73,614	74,977	(1,363)
Petite Riviere & Crousetown	11	113,661	113,672	113,608	64
Pleasantville	1,228	90,466	91,694	91,698	(5)
Riverport	803	335,938	336,741	336,684	57
Tri-District ¹	45	149,438	149,483	149,531	(48)
United Communities	(95)	70,247	70,152	70,216	(64)
Walden	(1,428)	15,773	14,345	14,344	0
Wileville	599	57,198	57,797	57,860	(63)
	30,594	3,067,539	3,098,132	3,099,050	(919)
Hydrants	(2,899)	54,611	51,712	54,028	(2,317)
Sewer services	58,736	600,671	659,407	741,035	(81,628)
Street lighting	31,913	48,356	80,269	150,272	(70,003)
	\$ 118,344	\$ 3,771,176	\$ 3,889,519	\$ 4,044,385	\$ (154,866)

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

21. Operating Reserve Details

	Balance, beginning of year	Interest on Savings	Transfer (to) from Other Funds	Other	Balance end of year
Roads	\$ 175,000	\$ -	\$ 25,000	\$ -	\$ 200,000
Surveying	17,202				17,202
General Operations	3,532,345		1,348,543		4,880,888
Recreation	10,945		(10,945)		-
Election	-		35,000		35,000
Open Space Strategic Plan	193,778		(89,962)		103,816
Employee Contingency	858,845		17,511		876,356
Depreciation Reserve	5,769,086		707,280		6,476,366
Recreation Complex Capital	(1,671,479)		25,500		(1,645,979)
PACE - Clean Energy Financing	(49,924)		(30,157)		(80,081)
Restricted To Area Rates (Sewer)	1,245,624		175,000		1,420,624
Transit Study	43,364				43,364
Seniors Grant	845		(845)		-
LaHave River Solutions	12,531				12,531
Indian Path	833				833
Environmental Petite Riviere	9,180				9,180
Pro Kids	4,501		9,217		13,718
Hirtles Beach	5,391				5,391
CES-CEF	168,682		25,000		193,682
Grinder's Square	30,000		(30,000)		-
SNSMR Grant	42,000				42,000
	\$ 10,398,749	\$ -	\$ 2,206,142	\$ -	\$ 12,604,891

22. 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	967,600	14,456	(41,886)		940,170
Land Sales	765,671				765,671
Recreation complex depreciation	90,035	1,345	110,000		201,380
Sherbroke Lake	120,000		40,000		160,000
Trails	6,245				6,245
Lift station replacement	537				537
Gas tax revenue	2,493,355	54,994	211,791		2,760,140
Open space	168,134		(102,236)		65,898
Golf reserves	575,196				575,196
User connection fees	28,749		100		28,849
Province of NS - ISP Project	75,000		(75,000)		-
Recreation dugouts	8,912		(8,912)		-
Aerated Carts	7,927		(7,237)		690
District General Capital	1,918,418	-	44,483		1,962,901
	\$ 7,232,055	\$ 70,795	\$ 171,103	\$ -	\$ 7,473,953

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, the Town of Mahone Bay, the Town of Bridgewater, and the Town of 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 Public Works 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 Town of Bridgewater and the Town of 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

	2018	2017
	Actual	Actual
Operating fund (schedule 1)	\$ 2,513,498	\$ 2,517,140
Capital fund (schedule 2)	17,865,044	15,919,497
Reserve fund (schedule 3)	20,078,847	17,630,807
Municipal Joint Service Board (note 17)	3,528,630	3,528,630
LCMPCC (note 3d)	16,011,069	16,514,222
	\$ 59,997,086	\$ 56,110,293

25. Comparative Figures

Certain 2017 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2018.

**Municipality of the District of Lunenburg
Consolidated Schedule of Segment Disclosure
For the Year Ended March 31, 2018**

	Protective Services	Engineering Services & Streets & Roads	A Waste Mgmt.	B Sewers	A + B Environmental Health	Planning and Economic Development	Recreation, Cultural & Education	Administration and Other	2018	2017
Revenues										
Property taxes	\$ 3,122,149	\$ 48,356	\$ -	\$ 600,671	\$ 600,671	-	-	\$ 16,089,170	\$ 19,860,347	\$ 20,024,443
Grants in lieu of taxes	-	-	-	-	-	-	-	198,154	198,154	206,440
Services provided to other governments	24,939	-	-	-	-	-	-	-	24,939	57,062
Other revenue from own sources	123,210	-	690	138,969	139,659	236,295	664,952	999,576	2,163,690	3,996,069
Unconditional transfers from other govts	-	-	-	-	-	-	-	85,519	85,519	86,573
Conditional transfers from other govts	-	11,708	44,244	59,004	103,248	117,810	329,880	1,205,329	1,767,975	1,775,146
	3,270,298	60,064	44,934	798,644	843,578	354,105	994,831	18,577,748	24,100,624	26,145,733
Expenditures										
Salaries, benefits & other personnel costs	403,725	289,176	-	98,257	98,257	527,308	1,055,220	1,564,990	3,938,677	3,887,703
Interest	-	-	25,080	-	25,080	220,207	10,814	2,828	258,929	297,760
Materials, outsources and other operating	72,670	727,265	2,629,572	360,854	2,990,426	383,089	899,095	1,845,545	6,918,091	8,154,626
Amortization	1,486	203,611	-	456,438	456,438	87,209	601,197	61,936	1,411,877	1,321,305
Utilities	60,256	150,272	-	106,924	106,924	-	226,753	15,614	559,818	536,064
Rents	1,340	-	-	-	-	450	-	-	1,790	10,742
Grants	171,972	-	24,967	-	24,967	-	-	422,385	619,324	576,908
Fire area rates	3,099,050	-	-	-	-	-	-	-	3,099,050	2,974,900
Policing and corrections	3,259,505	-	-	-	-	-	-	-	3,259,505	3,145,626
Contributions to boards and agencies	-	-	-	-	-	-	-	-	-	-
Reduced taxes	-	-	-	-	-	-	-	146,770	146,770	155,578
	7,070,004	1,370,325	2,679,619	1,022,473	3,702,092	1,218,263	2,793,080	4,060,068	20,213,830	21,061,212
Annual surplus (Deficit)	\$ (3,799,706)	\$ (1,310,261)	\$ (2,634,685)	\$ (223,829)	\$ (2,858,514)	\$ (864,158)	\$ (1,798,248)	\$ 14,517,680	\$ 3,886,793	\$ 5,084,521

Municipality of the District of Lunenburg
Schedule of Operating Financial Position
Schedule 1
For the Year Ended March 31, 2018

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	2018	2017
	Actual	Actual
Financial Assets		
Cash and cash equivalents (note 4)	\$ 10,773,722	\$ 9,960,070
Taxes receivable (net of asset valuation allowances) (note 5)	1,821,321	1,807,985
Loan receivables (net of asset valuation allowances) (note 6)	87,818	64,790
Due from other funds and consolidated entities	244,593	345,204
Other receivables (net of asset valuation allowances) (note 6)	<u>279,062</u>	<u>353,702</u>
	<u>13,206,517</u>	<u>12,531,750</u>
Liabilities		
Accounts payable and accrued liabilities	1,284,163	1,473,024
Other liabilities		
Due to other funds and consolidated entities	6,574,311	5,689,683
Employee benefit obligations (note 14b)	302,113	373,835
Other liabilities	<u>2,712,610</u>	<u>2,493,890</u>
	<u>10,873,198</u>	<u>10,030,432</u>
Net Financial Assets	<u>2,333,319</u>	<u>2,501,318</u>
Non-Financial Assets		
Prepaid expenses	<u>180,180</u>	<u>15,822</u>
Accumulated Surplus	<u>\$ 2,513,498</u>	<u>\$ 2,517,140</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, 2018

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	2018		2017
	Budget	Actual	Actual
Revenues			
Assessable property taxes ¹	\$ 27,772,900	\$ 28,137,436	\$ 28,240,534
Grants in lieu of taxes	215,800	198,154	206,440
Services provided to other governments	43,300	24,939	57,062
Other revenue from own sources	1,269,400	1,616,042	1,913,554
Unconditional transfers from other governments	82,200	85,519	86,573
Conditional transfers from other governments	77,200	70,638	103,444
Total Revenues	29,460,800	30,132,727	30,607,607
Expenditures			
General government services	4,423,100	3,998,132	4,155,402
Protective services ¹	7,524,100	7,504,785	7,282,879
Transportation services	1,307,600	1,166,714	1,128,892
Environmental health services	3,544,600	3,339,273	3,229,259
Public health services ¹	32,000	30,261	32,659
Environmental development services	1,478,600	1,131,054	1,176,992
Recreation and cultural services	1,600,700	1,502,786	1,523,368
Education ¹	7,815,000	7,810,561	7,744,710
Total Expenditures	27,725,700	26,483,565	26,274,161
Annual Operating Surplus	1,735,100	3,649,162	4,333,447
Financing and Transfers			
Debenture and term loan principal instalments	(999,900)	(999,848)	(999,848)
Transfers from (to) own reserves, fund and agencies	(617,200)	(2,652,954)	(1,818,962)
Change in Surplus after Financing & Transfers	118,000	(3,640)	1,514,637
Accumulated Surplus, Beginning of Year	2,517,138	2,517,138	1,432,859
Transfer Surplus to Operating Reserve	(1,514,637)	-	(430,355)
Accumulated Surplus, End of Year	\$ 1,120,501	\$ 2,513,498	\$ 2,517,138

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, 2018

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	2018	2017
	Actual	Actual
Financial Assets		
Cash (note 4)	\$ 1,196,473	\$ -
Receivables (net of asset valuation allowances) (note 6a)	148,532	81,329
Due from other funds	503,357	2,548,205
	1,848,363	2,629,534
Liabilities		
Bank loan (note 4)	\$ -	425,009
Payables	786,595	251,322
Due to other funds	365,329	1,408,487
Long-term debt (note 10a)	4,864,543	5,864,391
Other liabilities	1,329,540	1,352,433
	7,346,007	9,301,642
Net Debt	(5,497,644)	(6,672,108)
Non-Financial Assets		
Tangible capital assets (net of accumulated amortization) (note 11)	23,362,688	22,591,605
Net Assets	\$ 17,865,044	\$ 15,919,497

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, 2018

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	2018		2017
	Budget	Actual	Actual
Revenue			
Capital Contributions			
From federal and provincial governments	\$ 530,500	\$ 270,672	\$ 169,928
Gas Tax	1,074,949	1,204,981	1,236,879
Sundry	98,400	51,193	1,181,501
CRA re-assessment	-	-	424,009
Gain on sale of assets	-	-	2,957
Total Revenue	1,703,849	1,526,846	3,015,274
Expenditures			
Write off of assets	-	-	1,153,520
Change in Landfill Closure Liability	-	(95,320)	(176,763)
Change in Riveport School Liability	-	1,700	6,577
	-	(93,619)	983,334
Annual Capital Surplus	1,703,849	1,620,465	2,031,940
Financing and Transfers			
Amortization	(850,000)	(879,681)	(800,318)
Loan payments from operating fund	999,900	999,848	999,848
Transfers from own reserves, funds	1,750,600	204,915	(1,223,634)
	1,900,500	325,082	(1,024,104)
Change in Fund Balance	3,604,349	1,945,547	1,007,836
Accumulated Surplus, Beginning of Year	15,919,497	15,919,497	14,911,663
Accumulated Surplus, End of Year	\$ 19,523,846	\$ 17,865,044	\$ 15,919,497

Municipality of the District of Lunenburg
Schedule of Reserve Fund Financial Position
Schedule 3
For the Year Ended March 31, 2018

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	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Financial assets		
Cash and cash equivalents (note 4)	\$ 14,088,892	\$ 13,435,940
Due from other funds	6,673,160	12,040,742
	<u>20,762,053</u>	<u>25,476,682</u>
Liabilities and Fund Balance		
Due to other funds	683,206	7,845,875
Net Financial Assets	<u>20,078,847</u>	<u>17,630,807</u>
Fund Balance		
Capital	7,473,953	7,232,055
Operating	12,604,891	10,398,752
	<u>\$ 20,078,847</u>	<u>\$ 17,630,807</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, 2018

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	Capital Reserve Actual	Operating Reserve Actual	2018 Total Reserve Actual	2017 Total Reserve Actual
Revenue				
Interest on savings	\$ 70,795	\$ -	\$ 70,795	\$ 34,252
Proceeds for public open space	-	-	-	-
Gas tax revenue	-	-	-	-
Province of Nova Scotia	-	-	-	-
Donations	-	-	-	-
Total Revenue	70,795	-	70,795	34,252
Expenditures				
Municipalities & other	0	-	-	898
Annual Reserve Surplus	70,795	-	70,795	33,354
Financing and Transfers				
Transfers (from) to own Capital Fund & Operating Fund	171,103	857,599	1,028,701	3,005,387
Operating Surplus Transfer	-	1,348,543	1,348,543	430,355
	171,103	2,206,141	2,377,244	3,435,742
Change in Fund Balance	241,899	2,206,141	2,448,039	3,469,095
Accumulated Surplus, Beginning of Year	7,232,058	10,398,749	17,630,807	14,161,714
Accumulated Surplus, End of Year	\$ 7,473,953	\$ 12,604,891	\$ 20,078,847	\$ 17,630,807

Schedule of Tax Sale Account - Assets and Liabilities

	2018	2017
	Actual	Actual
Financial Assets		
Cash and cash equivalents	\$ 871,580	\$ 1,041,014
Tax Sale Surplus Liability	\$ 871,580	\$ 1,041,014

Schedule of Tax Sale Operations

	2018	2017
	Actual	Actual
Revenue		
Tax Sale Surplus funds received	\$ 27,327	\$ 267,009
Expenses		
Tax Sale Surplus payments	(196,761)	(56,085)
Change in Tax Sale Surplus	(169,434)	210,925
Beginning Tax Sale Surplus	1,041,014	830,090
Ending Tax Sale Surplus	\$ 871,580	\$ 1,041,014

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

TRUST FUNDS

FINANCIAL STATEMENTS

MARCH 31, 2018



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

Municipality of the District of Lunenburg
Trust Funds
Financial Statements
March 31, 2018

Independent Auditor’s Report B-1a, 1b

Statement of Financial Position B2

Notes to Financial Statements B3



INDEPENDENT AUDITOR'S REPORT

To the Council of the Municipality of the District of Lunenburg

We have audited the accompanying financial statements of the Municipality of the District of Lunenburg Trust Fund, which comprise the statement of financial position as at March 31, 2018 and the statement of changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Municipality of the District of Lunenburg Trust Fund as at March 31, 2018, and the results of its financial activities and its changes in financial position for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended March 31, 2017 were audited by another accounting firm.

Bridgewater, Nova Scotia
September 11, 2018

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Municipality of the District of Lunenburg
Trust Funds
Statement of Financial Position
For the Year Ended March 31, 2018

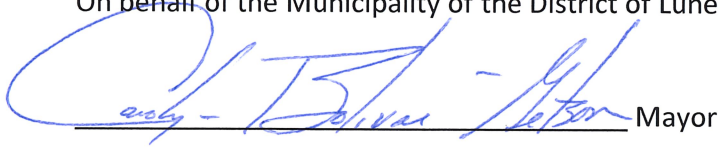
B-2

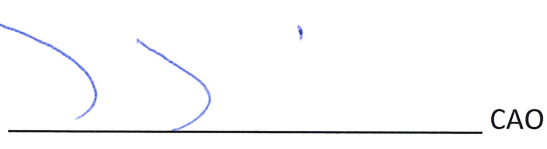
STATEMENT OF TRUST FUNDS RESERVES

	Burial Funds	Occasion Funds	Pop Funds	School Lands	March 31	
					2018 Actual	2017 Actual
Assets						
Cash	\$ 2,880	\$ -	\$ -	\$ 28,403	31,283	\$ 38,304
Accounts receivable	-	-	-	-	-	-
	<u>\$ 2,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,403</u>	<u>\$ 31,283</u>	<u>\$ 38,304</u>
Liabilities						
Due to the District of Lunenburg	\$ -	\$ -	\$ -	\$ 1,753	1,753	7,020
Accounts payable - schools	-	-	-	422	422	2,219
Reserves						
Trust funds reserves	2,880	-	-	26,227	29,107	29,065
Reserves and Liabilities	<u>\$ 2,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,403</u>	<u>\$ 31,283</u>	<u>\$ 38,304</u>

Reserves Detail	(note 1) Burial Funds	Occasion Funds	Pop Funds	(note 3) School Lands	Year Ended March 31	
					2018 Actual	2017 Actual
Balance, beginning of year	\$ 2,838	\$ -	\$ -	\$ 26,227	\$ 29,065	\$ 31,928
Interest received on trust accounts	42	-	-	422	464	882
Funds received in trust	-	-	-	-	-	(532)
	<u>2,880</u>	<u>-</u>	<u>-</u>	<u>26,649</u>	<u>29,529</u>	<u>32,278</u>
Trust expenses	-	-	-	422	422	319
Transferred to Operating Fund	-	-	-	-	-	2,894
	<u>-</u>	<u>-</u>	<u>-</u>	<u>422</u>	<u>422</u>	<u>3,213</u>
Balance, end of year	<u>\$ 2,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,227</u>	<u>\$ 29,107</u>	<u>\$ 29,065</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

	2018	2017
	<u>Actual</u>	<u>Actual</u>
Distribution of funds		
Conrad, Ray	\$ 1,642	\$ 1,618
Smith, Everette	760	749
Wagner, Willis	479	472
	<u>\$ 2,880</u>	<u>\$ 2,838</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.