

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

FINANCIAL STATEMENTS

MARCH 31, 2022



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

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MUNICIPALITY OF THE DISTRICT OF LUNENBURG

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022



**10 Allée Champlain Drive
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B4V 9E4**

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MUNICIPALITY OF THE DISTRICT OF LUNENBURG

Consolidated Financial Statements

Year ended March 31, 2022

Management’s Responsibility for the Consolidated Financial Statements

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

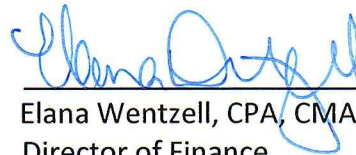
The Municipality’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on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

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

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



Tom MacEwan
Chief Administrative Officer



Elana Wentzell, CPA, CMA
Director of Finance

September 27, 2022



Member of The AC Group of Independent Accounting Firms

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INDEPENDENT AUDITOR'S REPORT

To the Council of the Municipality of the District of Lunenburg

Opinion

We have audited the accompanying consolidated financial statements of the Municipality of the District of Lunenburg (the "Municipality"), which comprise the consolidated statement of financial position as at March 31, 2022 and the consolidated statement of financial activities, changes in financial position and changes in net financial assets (liabilities) for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of the District of Lunenburg as at March 31, 2022, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

Bridgewater, Nova Scotia
September 20, 2022

Belliveau Veinotte Inc.

REGISTERED MUNICIPAL AUDITORS
CHARTERED PROFESSIONAL ACCOUNTANTS

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

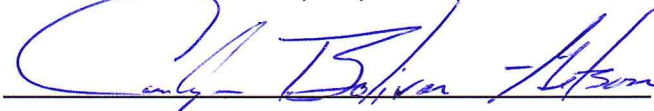
A – 2

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

Contingent Liabilities (note 9 d)

Commitments (note 11)

On behalf of the Municipality of the District of Lunenburg

 Mayor

 Chief Administrative Officer

**Municipality of the District of Lunenburg
Consolidated Statement of Operations
For the Year Ended March 31, 2022**

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

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

**Municipality of the District of Lunenburg
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2022**

A – 4

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

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

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

1. Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

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

(b) Consolidated Entities

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

(i) Consolidated Entities

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

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

(ii) Non-Consolidated Entities

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

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

(iii) Trust Funds

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

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

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 |
| Sidewalks | 25 |
| Sewer Systems | 50 |
| Wharves | 25 |
| Other | 25-50 |
| LaHave River Sewer Systems | 7 |

No amortization is recorded in the year of acquisition.

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

(c) Basis of Accounting (continued)

(vi) Employee Future Benefit Obligations

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

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

(d) Cash and Cash Equivalents

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

(e) Contaminated Sites

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

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

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

2. Contributions to Boards, Regional Authorities and Commissions

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

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

Contribution to Non-Consolidated Boards

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

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

(a) Contribution to Regional Housing Authority

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

(b) Contribution to Regional Library Board

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

3. Contribution to Provincial Government Departments and Agencies

(a) Education Contribution

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

(b) Correction Contributions

The required contribution for corrections is calculated first using an amount set by the Province, to be recovered from all municipal units. Fifty percent of this recovery amount is allocated among municipal units using each unit's uniform assessment as a percentage of provincial uniform assessment. The other fifty percent is allocated using each unit's number of dwelling units as a percentage of provincial dwelling units. During 2021-22 the Municipality paid \$430,124 (2020-21 - \$431,801) to the Province for correction services.

(c) Assessment Service Contributions

The required contributions for assessment services is calculated using an amount, set by the Property Valuation Services Corporation (PVSC), to be recovered from all municipal units 2021-22 \$17.694 million (2020-21 - \$17.875 million). Fifty percent of this recovered amount is allocated among municipal units using each unit's uniform assessment as a percentage of provincial uniform assessment. The other fifty percent is allocated using each unit's number of assessment accounts as a percentage of provincial assessment accounts. During 2021-22 the Municipality paid \$695,379 (2020-21 - \$704,451) to the PVSC for assessment services.

(d) Lunenburg County Multi-Purpose Centre Corporation

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

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

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

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

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

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

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

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

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

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

6. Other Receivables

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

(b) Allowances for Doubtful Accounts

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

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

(a) **Landfill Site Closure**

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

Municipalities are required to recognize closure costs as an expense and make an equivalent transfer into a special capital reserve fund in each period that the landfill accepts solid waste. Recognition of closure costs started on the date the landfill began accepting solid waste. The Municipality has site closure reserves which are in excess of the landfill liability. Total transfers to site closure capital reserves and interest earned on these reserve funds at March 31, 2022 was \$858,878 (2021- \$849,618). The landfill was closed to further disposal in 2005 and subsequent costs incurred relate to remediation and monitoring. The present value of the remaining landfill site closure cost is estimated to be \$408,830 (2021 – \$408,830).

The future landfill site closure costs were forecast with inflation at 2% per annum and discounted back to March 31, 2019 using a discount rate of 2.5%. A gross landfill closure liability of \$408,830 (2021 - \$408,830) has been reported in the consolidated statement of financial position of the Municipality and includes costs for the assessment of the site monitoring, treatment of leachate, monitoring of ground and surface water, monitoring and recovery of gases and maintenance of required drainage systems and other control systems.

7. (a) Landfill Site Closure (continued)

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

(b) Contaminated Site – Riverport School

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

(c) Lunenburg County Community Fund Liability

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

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

8. Tax Sale Surplus Account

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

| | 2022 | 2021 |
|------|---------------------|---------------------|
| | Actual | Actual |
| 2002 | - | 15,918 |
| 2003 | 48,157 | 48,157 |
| 2004 | 3,556 | 3,556 |
| 2005 | 13,783 | 13,783 |
| 2006 | 62,358 | 62,358 |
| 2007 | 4,247 | 4,247 |
| 2008 | 8,368 | 8,368 |
| 2009 | 86,299 | 86,299 |
| 2010 | 113,084 | 113,084 |
| 2011 | 19,061 | 19,061 |
| 2012 | 54,221 | 54,221 |
| 2013 | 59,145 | 59,145 |
| 2014 | 28,890 | 28,890 |
| 2015 | 69,981 | 69,981 |
| 2016 | 46,070 | 46,070 |
| 2017 | 112,409 | 112,409 |
| 2018 | 18,188 | 18,188 |
| 2019 | 38,955 | 38,955 |
| 2020 | 112,270 | 184,591 |
| 2021 | 667,520 | 678,986 |
| 2022 | 571,039 | - |
| | <u>\$ 2,137,600</u> | <u>\$ 1,666,267</u> |

9. Long-term Debt

(a) Balance of Long-term Debt

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

| | Due | Balance April 1 | Added (Redeemed) | Balance March 31 | Interest | Blended Interest Rate |
|-------------------------------|---------------|--------------------|---------------------|---------------------|------------------|-----------------------------|
| Environmental health services | June 1, 2021 | \$ 120,000 | \$ (120,000) | \$ - | \$ 1,016 | 4.95% |
| Economic dev & environmental | June 1, 2020 | - | - | - | - | 4.70% |
| Economic dev & environmental | Oct. 24, 2021 | 520,000 | (520,000) | - | 13,923 | 4.50% |
| Various purposes | Nov 9, 2020 | - | - | - | - | 3.25% |
| | | <u>\$ 640,000</u> | <u>\$ (640,000)</u> | <u>\$ -</u> | <u>\$ 14,939</u> | |

(b) Principal Payments

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

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

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

9. Long-term Debt (continued)

(c) Total Charges for Long-term Debt

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

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

(d) Contingent Liabilities

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

- **Lunenburg County Multi-Purpose Centre Corporation** – The Municipality has guaranteed the Temporary Borrowing Resolution of the “Lunenburg County Multi-Purpose Centre Corporation” in the amount of \$3,850,000. There is no balance owing on this capital debt at year end.
- **Municipal Joint Services Board** - The Municipality is responsible for their share of the liabilities of the Board: The nature of solid waste management leads to potential for site contamination. Although active mitigation practices are in place, potential environmental liabilities in a final full site closure are undeterminable, however given the nature could potentially be significant.
- **Blockhouse Volunteer Fire Department** – The Municipality has provided a loan guarantee to the Blockhouse Volunteer Fire Department in the amount of \$100,000 for the purpose of constructing a new fire hall for a period not exceeding ten years. The loan guarantee has been approved by the Minister of Municipal Affairs and expires May 6, 2026. As of March 31, 2022 the loan is in good standing.

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

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

10. (a) Assets Held for Resale

i) *Sale of Municipal Administration Building*

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

ii) *Land Available for Sale*

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

11. Commitments

(a) Payments

- i) The Municipality entered into a four-year contract for garbage collection with a two-year optional extension clause. The contract term is April 1, 2020 to March 31, 2024 and requires the following payments: 2022/23 - \$1,129,746; 2023/24 - \$1,155,166. The optional two-year extension amounts are 2024-25 - \$1,181,157 and 2025-26 - \$1,207,733.
- ii) On December 7, 2012, the Municipality, the Town of Bridgewater and Town of Mahone Bay entered into a ten-year contract to outsource the blue bag recycling and marketing of related materials of the LRRCF operation. The payments are based on tonnage of recyclable material sent FOB to the LRRCF, with built in annual base cost escalator and fuel adjustment clause.

(b) School

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

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

(c) Osprey Village

On April 19, 2010 the Municipality entered into a Memorandum of Understanding with the Town of Bridgewater to make a \$1,000,000 contribution to a new water storage reservoir, with interest at 4% compounded annually, payable on or after April 15, 2015. See Subsequent Events Note 27 for more information.

(d) Partnership Project

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

(e) School Lands Trust Payments

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

| | Park View Education Centre | New Germany Rural High | Total |
|--------------------------------------|-------------------------------|---------------------------|--------------|
| Balance, beginning of year | \$ 147 | \$ 147 | \$ 295 |
| Interest income earned in trust | 325 | 325 | 650 |
| Less: paid to school for books | (147) | (147) | (295) |
| Balance available for book purchases | \$ 325 | \$ 325 | \$ 650 |

11. Commitments (continued)

(f) Garbage Disposal

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

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

(g) Joint Emergency Measures Organization

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

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

12 (a) Schedule of Other Revenues & Conditional Transfers

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

13. Employee Benefits

(a) Pension Agreements

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

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

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

Expenses associated with the transfer including legal and actuarial fees have been budgeted utilizing the Employee Pension Reserve and Operating surplus. These costs are expensed in the fiscal year in which they are incurred. In 2021/22 the final costs totaled \$132,965 (2020/21- \$102,045). The transfer costs were paid from the Employee Pension Reserve.

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

The PSSP was 98.2% funded with an accrued pension obligation resulting in a funding deficit of \$132,479,000 as at March 31, 2022 (extrapolated) on a going concern basis. The actual pension obligation as of the actuarial date of December 31, 2021 was a funding excess of \$143,512,000. Contributions to the Plan are required by both the employer and its employees. Total MODL employer contributions for 2021-2022 were \$611,305 and are recognized as an expense in that period.

13. Employee Benefits (continued)

(b) Employee Future Benefit Obligations

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

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

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

(i) Vacation

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

(ii) Service Awards

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

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

(iii) Accrued Sick Leave

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

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

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

14. Consolidated Expenditures by Object – Municipal Operations

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

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

15. Government Transfers

- (a) The Municipality receives grants, subsidies and contributions from provincial and federal governments for general purposes, to finance specific program expenditures and to finance capital expenditures. These government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. If a liability is created, the satisfaction the transfer stipulations by the Municipality determines the timing of the recognition of the transfer as revenue.
- (b) The Municipality makes discretionary disbursements to individuals, institutions, and agencies. These payments are recorded as grants to organizations and individuals in the consolidated statement of financing activities to the extent that the payments meet the accrual basis of accounting. Amounts paid for Canada Pension Plan are not reported as government transfers. During 2022 fiscal year the Municipality issued payments as government transfers as follows:

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

16. Municipal Joint Services Board (“MJSB”)

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

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

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

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

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

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

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

17. Financial Instruments

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

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

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

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

18. Remuneration of Elected Officials and Chief Administrative Officer

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

18. (a) Hospitality Expenses

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

The Municipality spent \$0 for hospitality in 2021-22 (\$0 in 2020-21).

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

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

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

20. Operating Reserve Details

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

21. Capital Reserve Details

| | Balance, beginning of year | Interest | Net transfers from (to) other funds | Other | Balance end of year |
|---------------------------------|----------------------------------|------------------|-------------------------------------------|-------------|---------------------------|
| Land development - Saw Pit | \$ 6,276 | \$ - | \$ - | \$ - | \$ 6,276 |
| Landfill Site Closure | 849,618 | 21,301 | (12,042) | | 858,878 |
| Land Sales | 77,508 | | 425,288 | | 502,796 |
| Recreation complex depreciation | 332,274 | 8,331 | (150,000) | | 190,605 |
| Sherbrooke Lake | 200,000 | | | | 200,000 |
| Trails | 6,245 | | | | 6,245 |
| Lift station replacement | 537 | | | | 537 |
| Canada Community Building Fund | 2,066,261 | 25,591 | (398,564) | | 1,693,288 |
| Open space | 282,702 | | 93,593 | | 376,295 |
| User connection fees | 31,812 | | | | 31,812 |
| Aerated Carts | 690 | | | | 690 |
| District General Capital | 28,000 | | 15,918 | | 43,918 |
| | \$ 3,881,923 | \$ 55,223 | \$ (25,806) | \$ - | \$ 3,911,340 |

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

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22.

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

23. Segmented Information

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

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

(a) Protective Services

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

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

(b) Engineering Services, Streets and Roads

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

(c) Waste Management

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

(d) Sewers

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

23. Segmented Information (continued)

(e) Planning and Economic Development

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

(f) Recreation, Culture & Tourism

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

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

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

24. Accumulated Surplus

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

25. Comparative Figures

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

26. COVID -19

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

27. Subsequent Events

Osprey Village Water Reservoir

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

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

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

Municipality of the District of Lunenburg
Schedule of Operating Fund Financial Activities and change in Fund Balances
Schedule 1-1
For the Year Ended March 31, 2022

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

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

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

Municipality of the District of Lunenburg
 Schedule of Capital Fund Financial Activities and Change in Fund Balances
 Schedule 2-1
 For the Year Ended March 31, 2022

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

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

A- 45

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

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

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

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Schedule of Tax Sale Account - Assets and Liabilities

| | 2022 | 2021 |
|-----------------------------------|---------------------|---------------------|
| | Actual | Actual |
| Financial Assets | | |
| Cash and cash equivalents | \$ 2,137,600 | \$ 1,666,267 |
| Tax Sale Surplus Liability | \$ 2,137,600 | \$ 1,666,267 |

Schedule of Tax Sale Operations

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

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

TRUST FUNDS

FINANCIAL STATEMENTS

MARCH 31, 2022



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

Municipality of the District of Lunenburg
Trust Funds
Financial Statements
March 31, 2022

Independent Auditor’s Report B-1a, 1b

Statement of Financial Position B2

Notes to Financial Statements B3-B5



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of The Municipality of the District of Lunenburg Trust Fund (the Trust), which comprise the statement of financial position as at March 31, 2022, and the statement of revenues and expenditures for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Bridgewater, Nova Scotia
September 20, 2022

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

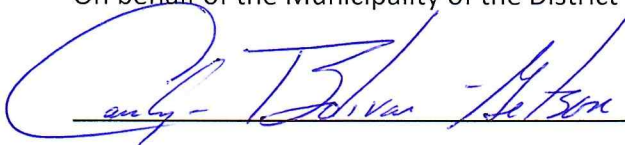
Municipality of the District of Lunenburg
Trust Funds
Statement of Financial Position
For the Year Ended March 31, 2022

B-2

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

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

On behalf of the Municipality of the District of Lunenburg

 Mayor

 CAO

1. Purpose of Trust

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

2. Significant accounting policies

Basis of presentation

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

Accounting estimates

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

Financial assets and liabilities

Initial measurement

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

Subsequent measurement

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

COVID-19

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

Revenue recognition

Contributions

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

Interest income

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

3. Burial Funds

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

4. School Lands

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

Trust Funds**Notes to Financial Statements****For the Year Ended March 31, 2022**

5. Lunenburg County Community Fund

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

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