

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

FINANCIAL STATEMENTS

MARCH 31, 2023



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

Contents

MUNICIPALITY OF THE DISTRICT OF LUNENBURG CONSOLIDATED FINANCIAL STATEMENTS	1
Management’s Responsibility for the Consolidated Financial Statements	1
Independent Auditor’s Report.....	2
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations.....	5
Consolidated Statement of Cash Flows.....	6
Consolidated Statement of Changes in Net Financial Assets	7
Notes to the Consolidated Financial Statements.....	8
1. Summary of Significant Accounting Policies and Reporting Practices.....	8
2. Change in Accounting Policies.....	12
3. Contributions to Boards, Regional Authorities and Commissions.....	13
4. Contributions to Provincial Government Departments and Agencies	13
4. Contributions to Provincial Government Departments and Agencies (continued)	14
5. Cash and Cash Equivalents	16
6. Taxes Receivable	17
7. Other Receivables	18
8. Other Liabilities	19
9. Tax Sale Surplus Account	21
10. Long-term Debt	22
11. Contingent Liabilities	23
12. Tangible Capital Assets	24
13. Asset retirement obligations	25
14. Assets Held for Resale.....	26
15. Commitments.....	26
15. Commitments (continued)	27
16. Assessed Property Taxation	29
17. Schedule of other Revenues and Conditional Transfers	30
18. Employee Benefits	31
19. Consolidated Expenditures by Object – Municipal Operations	33
20. Government Transfers.....	34
21. Municipal Joint Services Board (“MJSB”).....	34
22. Financial Instruments	35
23. Remuneration of Elected Officials and Chief Administrative Officer	36
24. Hospitality Expenses	36

25.	Area Rates	37
26.	Operating Reserve Details	39
27.	Capital Reserve Details	40
28.	Segmented Reporting Statement	41
29.	Segmented Reporting Detailed Information	42
30.	Accumulated Surplus	43
31.	Comparative Figures	44
	Schedule of Operating Fund Position	45
	Schedule of Operating Fund Financial Activities and change in Fund Balances	46
	Schedule of Capital Fund Position	47
	Schedule of Capital Fund Financial Activities and Change in Fund Balances.....	48
	Schedule of Reserve Fund Financial Position	49
	Schedule of Reserve Fund Financial Activities and Change in Fund Balance.....	50
	Schedule of Tax Sale Accounts.....	51
	MUNICIPALITY OF THE DISTRICT OF LUNENBURG TRUST FUNDS FINANCIAL STATEMENTS	52
	Independent Auditors Report.....	53
	Statement of Financial Position.....	55
	Notes to the Financial Statements	56
1.	Purpose of Trust.....	56
2.	Significant accounting policies	56
2.	Significant accounting policies (continued)	57
3.	Burial Funds.....	57
4.	School Lands.....	57
5.	Lunenburg County Community Fund	58

MUNICIPALITY OF THE DISTRICT OF LUNENBURG

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023



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**MUNICIPALITY OF THE DISTRICT OF LUNENBURG CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023**

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 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.

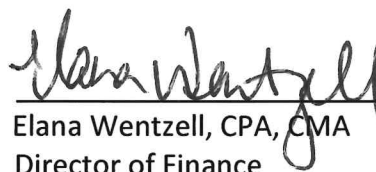
The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on 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 26, 2023



INDEPENDENT AUDITOR'S REPORT

To the Council of The Municipality of the District of Lunenburg

Opinion

We have audited the 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, 2023, and the consolidated statement of operations, change in net financial assets (liabilities) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at March 31, 2023, and the consolidated results of its operations and consolidated cash flows 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 consolidated 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 the 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 related 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 Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 26, 2023



REGISTERED MUNICIPAL AUDITORS
CHARTERED PROFESSIONAL ACCOUNTANTS

**Municipality of the District of Lunenburg
Consolidated Financial Statements
For the year ended March 31, 2023**

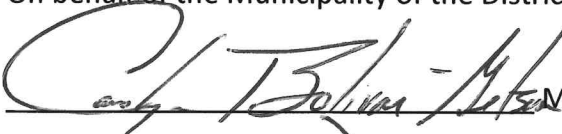
Consolidated Statement of Financial Position


	2023 Actual	2022 Actual
Financial Assets		
Cash and cash equivalents (note 5)	\$ 32,713,961	\$ 30,420,310
Taxes receivable (net of asset valuation allowances) (note 6)	1,695,320	1,375,176
Other receivables (net of asset valuation allowances) (note 7)	3,658,117	2,616,811
Investment in Municipal Joint Service Board (note 21)	3,528,630	3,528,630
Assets held for resale (note 14)	97,392	80,971
	41,693,420	38,021,898
Liabilities		
Bank Loan (Overdraft)	1,494,488	137,907
Accounts payable and accrued liabilities	1,237,854	1,657,674
Long-term debt (note 10)	-	-
Other liabilities		
Payable to other governments	535,185	3,152,494
Employee future benefit obligations (note 18b)	540,914	474,466
Asset retirement obligation (note 13)	1,042,499	-
Other (note 8)	4,329,100	5,179,045
	9,180,041	10,601,585
Net Financial Asset	32,513,379	27,420,313
Non-Financial Assets		
Tangible Capital assets (net of accumulated amortization) (note 12)	57,828,176	54,512,867
Prepaid expenses	188,472	202,869
	58,016,648	54,715,736
Accumulated Surplus (note 30)	\$ 90,530,026	\$ 82,136,048

Contingent Liabilities (note 11)

Commitments (note 15)

On behalf of the Municipality of the District of Lunenburg

 Mayor

 Chief Administrative Officer

**Municipality of the District of Lunenburg
Consolidated Financial Statements
For the year ended March 31, 2023**

Consolidated Statement of Operations

	2023		2022
	Budget	Actual	Actual
Revenue			
Assessable property taxes ¹ (note 16)	\$ 24,106,000	\$ 25,446,286	\$ 23,442,341
Grants in lieu of taxes	254,100	255,266	250,619
Services provided to other governments	73,400	68,937	60,124
Other revenue from own sources (note 17)	2,504,024	5,691,779	2,490,305
Unconditional transfers from other governments	93,900	96,063	93,940
Conditional transfers from other governments (note 17)	4,912,063	4,967,613	4,286,802
	31,943,487	36,525,945	30,624,133
Expenditures			
General government services	6,443,258	5,514,964	5,487,099
Protective services	9,183,836	9,204,629	8,178,324
Transportation services	2,692,564	2,302,123	2,130,754
Environmental health services	4,082,747	5,183,980	4,118,453
Environmental development services	2,654,963	1,819,716	2,769,515
Recreation and cultural services	3,885,308	4,106,553	3,538,810
	28,942,676	28,131,966	26,222,955
Annual Surplus	3,000,813	8,393,979	4,401,178
Accumulated Surplus, beginning of year	82,136,048	82,136,048	77,734,868
Accumulated Surplus, end of year (note 30)	\$ 85,136,861	\$ 90,530,026	\$ 82,136,048

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

**Municipality of the District of Lunenburg
Consolidated Financial Statements
For the year ended March 31, 2023**

Consolidated Statement of Cash Flows

	2023	2022
	Actual	Actual
Operating Activities		
Annual Surplus	\$ 8,393,979	\$ 4,401,178
Change in non-cash items		
Amortization	2,176,381	2,066,751
Accretion expense	1,042,499	-
Taxes receivable (net of asset valuation allowances)	(320,144)	(22,685)
Other receivables (net of asset valuation allowances)	(1,041,306)	397,932
Change in assets held for sale	(16,421)	344,317
Payables	(419,820)	20,194
Other liabilities	(3,400,806)	2,099,076
Change in prepaid	14,397	(55,240)
	6,428,759	9,251,522
Capital Activities		
Acquisition of tangible capital assets	(5,629,687)	(4,014,652)
Disposals of tangible capital assets	137,997	208,472
	(5,491,690)	(3,806,181)
Financing Activities		
Change in bank loans (overdraft)	1,356,582	(774,971)
Principal payments on long-term debt	-	(640,000)
	1,356,582	(1,414,971)
Investing Activities		
Assets held for sale	-	-
	2,293,651	4,030,370
Cash and Cash Equivalents		
Beginning of Year	30,420,310	26,389,938
End of Year	\$ 32,713,961	\$ 30,420,310

**Municipality of the District of Lunenburg
Consolidated Financial Statements
For the year ended March 31, 2023**

Consolidated Statement of Changes in Net Financial Assets

	2023		2022
	Actual		Actual
Annual Surplus	\$ 8,393,979	\$	4,401,178
Acquisition of tangible capital assets	(5,629,687)		(4,014,652)
Amortization of tangible capital assets	2,176,381		2,066,751
Disposal of tangible capital assets	137,997		208,472
	(3,315,309)		(1,739,430)
Acquisition of assets held for sale	-		-
Acquisition of prepaid expenses	14,397		(55,240)
	14,397		(55,240)
Increase (Decrease) in Net Financial Assets	5,093,066		2,606,508
Net Financial Assets			
Beginning of Year	27,420,313		24,813,803
End of Year	\$ 32,513,379	\$	27,420,313

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

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

(b) Consolidated Entities

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

(i) Consolidated Entities

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

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

(ii) Non-Consolidated Entities

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

- Property Valuation Services Corporation
- 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:

	2023	2022
	<u>Actual</u>	<u>Actual</u>
Burial funds	\$ 3,239	\$ 3,119
School lands	26,227	26,227
Lunenburg County Community Fund	1,000,000	1,000,000
	<u>\$ 1,029,466</u>	<u>\$ 1,029,346</u>

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

(c) Basis of Accounting

(i) PSAB Recommendations

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

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

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

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

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

(ii) Use of Estimates

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

In addition, the Municipality’s implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

Due to inherent uncertainty in making estimates, actual results could differ from those estimates.

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

(c) Basis of Accounting (continued)

(iii) Taxation and Related Revenues

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

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

(iv) Accounts Receivable

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

(v) Tangible Capital Assets

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

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

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

No amortization is recorded in the year of acquisition.

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

(c) Basis of Accounting (continued)

(vi) Employee Future Benefit Obligations

The Public Sector Accounting Handbook requires accounting for and reporting obligations for employee future benefits. 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 was been identified as a contaminated site (Note 8 b). The site received environmental clearance on January 1, 2023.

(f) Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

A liability for the removal of asbestos in several of the buildings owned by the Municipality has also been recognized based on estimated future expenses on closure of those sites and post-closure care.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense.

2. Change in Accounting Policies

PS 3280 – Asset Retirement Obligations:

On April 1, 2022, the Municipality adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities.

On April 1, 2022, the Municipality recognized an asset retirement obligation relating to several buildings owned by the Municipality that contain asbestos. This obligation was measured based on regulated material assessments of municipally owned buildings.

In accordance with the provisions of this new standard, the Municipality reflected the following adjustments at April 1, 2022:

Asbestos obligation:

- An asset retirement obligation in the amount of \$1,042,499 representing the original cost estimates of the obligation discounted to the present value amount using Nova Scotia CPI.
- A decrease to Opening Accumulated Surplus of \$996,251 as a result of the initial recognition of the liability and an accretion expense for 2023 in the amount of \$46,248.

3. 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:

	2023		2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Western Regional Housing Authority (a)	\$ 35,000	\$ 26,640	\$ 34,372
South Shore Regional Library Board (b)	199,700	199,700	158,314
Property Valuation Services Corporation (4. c)	687,500	687,452	695,379
	<u>\$ 922,200</u>	<u>\$ 913,792</u>	<u>\$ 888,065</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 2022-23 was \$26,640 (2021-22 - \$34,372).

(b) Contribution to Regional Library Board

During 2022-23, the Municipality paid \$199,700 (2021-22 - \$158,314) to the Regional Library Board as its share of operating costs.

4. Contributions 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 2022-2023 the education tax rate was \$0.3048 (2021-22 - \$0.3048) per \$100 of uniform assessment multiplied by the uniform assessment of \$2,745,460,841, (2021-22 - \$2,820,627,769) for a total amount paid of \$8,802,514 (2021-22 - \$8,598,029).

4. Contributions to Provincial Government Departments and Agencies (continued)

(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 2022-23 the Municipality paid \$428,251 (2021-22 - \$430,124) 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 2022-23 \$17.532 million (2021-22 - \$17.694 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 2022-23 the Municipality paid \$687,452 (2021-22 - \$695,379) 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 had agreed to forward future capital donations to the Municipality to help replenish this additional reserve drawdown. In 2018-19, no capital donations were received. In prior years, funds were 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.

4. Contributions 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 \$14,741,245 (2021-22 - \$14,109,522). The following table provides supplementary financial information for the LCLC as of March 31:

Financial Position	2023		2022
	MODL Share	TOTAL	
Financial Assets	\$ 612,167	\$ 3,758,557	\$ 4,826,294
Liabilities	566,588	3,667,398	4,864,783
Net Financial Assets (Liabilities)	45,579	91,159	(38,489)
Non Financial Assets	14,695,666	29,391,331	28,257,532
Net Assets (Liabilities)	\$ 14,741,245	\$ 29,482,490	\$ 28,219,043

As of March 31, 2023, MODL had the following related party transactions with the LCLC:

	2023	2022
Due to LCLC (rentals)	\$ 575	\$ -
Operating Grants paid to LCLC	527,463	647,423
Capital Grants paid to LCLC	137,427	417,800
Operating deficit transfer payable to LCLC	115,697	198,668
Capital transfer receivable from LCLC	-	1,191

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

5. Cash and Cash Equivalents

	2023	2022
	<u>Actual</u>	<u>Actual</u>
Included in Cash are Restricted Amounts		
Canada Community-Building Fund	\$ 1,554,018	\$ 1,693,288
Lunenburg County Lifestyle Centre	432,002	704,844
Tax Sale Surplus	2,200,307	2,137,600
Landfill Closure	870,959	858,878
	<u>5,057,287</u>	<u>5,394,610</u>
Unrestricted Cash	<u>27,656,674</u>	<u>25,025,701</u>
	<u>\$ 32,713,961</u>	<u>\$ 30,420,311</u>
	2023	2022
	<u>Actual</u>	<u>Actual</u>
Cash Made Up Of:		
Operating Fund	\$ 9,710,493	\$ 16,713,694
Capital Fund	-	-
Reserve Fund	22,571,466	13,001,773
Lunenburg County Lifestyle Centre	432,002	704,844
	<u>\$ 32,713,961</u>	<u>\$ 30,420,311</u>

The Canada Community-Building Fund is restricted to eligible projects, as approved under the Canada-Nova Scotia CCBF Agreement. The landfill closure funds are restricted by provincial regulations to fund eligible landfill costs.

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

6. Taxes Receivable

	2023	2022
	Actual	Actual
Balance, beginning of year	\$ 1,375,176	\$ 1,352,491
Current year's tax levy	31,507,603	29,146,550
Interest on overdue taxes and rates	333,391	247,834
	33,216,170	30,746,875
Deduct		
Collections	30,531,798	28,557,383
Adjustments, write-offs & bad debt expense	42,927	20,743
Exemptions for taxes	271,260	161,446
	30,845,985	28,739,572
Sub-total	2,370,185	2,007,303
Allowance for doubtful accounts	(674,865)	(632,128)
Net taxes receivable	\$ 1,695,320	\$ 1,375,176

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

7. Other Receivables

(a) Other	2023	2022
	Actual	Actual
Governments		
Government of Canada and its agencies	\$ 170,622	\$ 209,337
Province of Nova Scotia and its agencies	1,471,555	882,202
Trust Fund	70,207	-
Municipal Joint Services Board ("MJSB")	1,877	1,357
Municipal Governments	239,153	119,554
	<u>1,953,415</u>	<u>1,212,449</u>
General Public	499,793	383,457
LaHave River Stright Pipe Loans	1,146,093	955,472
Clean Energy Financing Loans	69,602	65,462
	<u>1,715,487</u>	<u>1,404,391</u>
Allowance for Doubtful Accounts	<u>(10,785)</u>	<u>(30)</u>
	<u>\$ 3,658,117</u>	<u>\$ 2,616,811</u>
Other Receivables Found in:		
Operating Fund	\$ 791,527	\$ 614,962
Capital Fund	2,686,425	1,741,672
Reserve Fund	-	-
Trust Fund	-	-
Other	180,165	260,177
	<u>\$ 3,658,117</u>	<u>\$ 2,616,811</u>

(b) Allowances for Doubtful Accounts

	2023	2022
	Actual	Actual
Due from general public	\$ 10,785	\$ 30
	<u>\$ 10,785</u>	<u>\$ 30</u>

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

8. Other Liabilities

	2023	2022
	Actual	Actual
Deferred Revenues		
Other	\$ 1,401,415	\$ 266,446
Lunenburg County Lifestyle Centre	318,548	851,453
	1,719,963	1,117,899
Other		
Prepaid Taxes	-	1,013,477
Tax Sale Surplus (note 9)	2,200,307	2,137,600
Riverport School environmental liability (note 8b)	-	501,240
Pension liability	-	-
Landfill closure liability (note 8a)	408,830	408,830
Lunenburg County Community Fund (note 8c)	-	-
	\$ 4,329,100	\$ 5,179,045

(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, 2023 was \$870,959 (2022- \$858,878). 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 (2022 – \$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 (2022 - \$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.

8. Other Liabilities (continued)

8. (a) Landfill Site Closure (continued)

	2023	2022
	<u>Actual</u>	<u>Actual</u>
Estimated gross landfill closure cost	\$ 408,830	\$ 408,830
Reserves for Site Closure	870,959	858,878

(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. On July 16, 2016, Municipal Council approved a plan to demolish the building and remediate to Tier 2 standards. Environmental clearance was received on January 1, 2023. The tear down, remediation and testing follow-up costs were \$407,652.

(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 been received. The liability was paid in 2022.

	2023	2022
	<u>Actual</u>	<u>Actual</u>
LCCF liability, beginning of year	\$ -	\$ 124,558
Homeowner payments transferred to Trust	-	124,558
Balance left to transfer (liability)	<u>\$ -</u>	<u>\$ -</u>

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

9. Tax Sale Surplus Account

The Municipality of the District of Lunenburg is required to hold the surplus from tax sales for a period of twenty (20) years. This surplus represents excess funds received at tax sales over and above the original amounts which were owing to the Municipality at the time a particular property was sold. The excess proceeds if not claimed, are to be transferred to the Capital Reserve fund at the end of the twenty (20) year period. A surplus of \$48,157 was transferred to the Capital Reserve in Fiscal 2023. 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:

	2023	2022
	Actual	Actual
2003	-	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	112,270
2021	663,206	667,520
2022	571,039	571,039
2023	115,178	-
	<u>\$ 2,200,307</u>	<u>\$ 2,137,600</u>

10. Long-term Debt

(a) Balance of Long-term Debt

The Municipality has paid all long-term debt obligations. There is no long-term debt reported on the consolidated statement of financial position.

(b) Principal Payments

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

2024	\$	-
2025	\$	-
2026	\$	-
2027	\$	-
2028	\$	-
2029	\$	-

(c) Total Charges for Long-term Debt

Because all long term debt obligations are paid, there are no charges for long-term debt included in the consolidated statement of financing activities.

11. 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, 2023 the loan is in good standing.

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

12. Tangible Capital Assets

	Cost - Beg of Year	Additions	Cost Disposals & Write Offs	Cost-End of Year	Amort Disposals & Write Offs	Amort in Year	Acc Amort Beg of Year	Acc Amort End of Year	Net Book Value	
									2023	2022
Municipal General										
Land	\$ 6,298,357	\$ 419,549	\$ 55,257	\$ 6,662,649	\$ -	\$ -	\$ -	\$ -	\$ 6,662,649	\$ 6,298,357
Land Improvements	2,380,690	205,519	-	2,586,209	-	87,216	565,120	652,337	1,933,873	1,815,570
Buildings	9,571,367	699,210	-	10,270,578	-	126,264	621,235	747,499	9,523,079	8,950,132
Buildings/Plants - WWTP	6,243,425	-	-	6,243,425	-	250,012	3,838,076	4,088,089	2,155,337	2,405,349
Electronic Equipment	84,571	-	-	84,571	-	7,972	63,165	71,137	13,434	21,406
Small Equipment	260,117	245,399	3,399	502,117	-	22,768	119,434	142,202	359,915	140,683
Machinery & Equipment	1,074,421	100,538	-	1,174,959	-	57,215	542,409	599,624	575,335	532,012
Vehicles	487,914	75,145	11,245	551,815	11,245	71,017	213,187	272,959	278,856	274,728
Wharves	378,674	-	-	378,674	-	15,136	198,872	214,008	164,666	179,803
Roads and Streets	9,505,168	132,769	-	9,637,936	-	289,849	3,008,992	3,298,841	6,339,095	6,496,175
Sidewalks	328,990	-	-	328,990	-	10,966	56,400	67,367	261,623	272,590
Sewer System	7,627,177	245,655	-	7,872,832	-	166,040	2,142,948	2,308,988	5,563,844	5,484,229
LaHave Straight Pipe Project	7,623,616	2,281,758	-	9,905,374	-	448,390	940,078	1,388,468	8,516,906	6,683,538
WIP - Municipal Services Building	-	-	-	-	-	-	-	-	-	-
Other	1,350,934	46,097	-	1,397,031	-	92,211	487,159	579,370	817,661	863,775
	53,215,422	4,451,639	69,901	57,597,160	11,245	1,645,057	12,797,076	14,430,888	43,166,273	40,418,345
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	483,252	540,222	884,050	941,020
Building	15,892,718	1,130,238	57,599	16,965,357	29,605	417,831	3,378,376	3,766,602	13,198,756	12,514,342
Furniture and fixtures	167,852	-	-	167,852	-	16,785	136,938	153,723	14,129	30,914
Computer equipment	150,796	6,002	-	156,797	-	9,597	122,131	131,728	25,070	28,665
Equipment	315,893	41,809	-	357,701	-	30,142	221,242	251,383	106,318	94,651
Work in Progress	51,348	-	51,348	-	-	-	-	-	-	51,348
Total Tangible Capital Assets	18,436,459	1,178,048	108,946	19,505,561	29,605	531,325	4,341,937	4,843,657	14,661,904	14,094,522
Total Tangible Capital Assets	\$ 71,651,880	\$ 5,629,687	\$ 178,847	\$ 77,102,721	\$ 40,849	\$ 2,176,381	\$ 17,139,013	\$ 19,274,545	\$ 57,828,176	\$ 54,512,867

13. Asset retirement obligations

The Municipality's Asset retirement obligation consists of several obligations as follows:

Asbestos obligation

The Municipality owns several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 – Asset retirement obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at April 1, 2022.

Estimated costs have been discounted to the present value using Nova Scotia CPI (March) at the following rates: 2019, 1.3%; 2020, 0.9%; 2021, 2.8%; 2022, 6.8%; 2023, 4.6%.

The transition and recognition of asset retirement obligations involved the restatement of opening balances (see note 2).

Changes to the asset retirement obligation in the year are as follows:

Buildings with ARO's (asbestos)	Estimated ARO	
	31-Mar-22	31-Mar-23
Centre School	\$ 806,720	\$ 843,829
MARC Program Building (brick) Dayspring	96,736	101,400
MARC Admin Building (wood) Dayspring	84,238	88,300
Wile's Lake Buildings (Main Bldg/Other Buildings)	8,557	8,970
	\$ 996,251	\$ 1,042,499

Asset Retirement Obligation	Asbestos removal
Opening balance	\$ -
Adjustment on adoption of the asset retirement obligation (note 2)	-
Opening balance, as restated	996,251
Accretion expense	46,248
Closing balance	\$ 1,042,499

14. Assets Held for Resale

i) Land Available for Sale

At March 31, 2023, 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 \$523,627. These parcels of land were moved from tangible capital assets to land sales inventory at cost (2023: \$97,392; 2022: \$80,971).

15. 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: 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.

15. Commitments (continued)

(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.

The Municipality was successful in securing an Investing in Canada Infrastructure grant for the water reservoir that will serve Osprey Village 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.

(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	\$ 325	\$ 325	\$ 650
Interest income earned in trust	506	506	1,013
Less: paid to school for books	(325)	(325)	(650)
Balance available for book purchases	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 1,013</u>

15. 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.

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

16. Assessed Property Taxation

	2023		2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Total taxes and rates	\$ 33,400,100	\$ 34,703,691	32,504,866
Less:			
Taxes collected on behalf of others:			
School Board levy	8,802,600	8,802,514	8,598,029
Correctional Services	456,500	428,251	430,124
Deficit of Regional Housing Authority	35,000	26,640	34,372
	<u>9,294,100</u>	<u>9,257,405</u>	<u>9,062,524</u>
Net taxes and rates	<u>\$ 24,106,000</u>	<u>\$ 25,446,286</u>	<u>\$ 23,442,341</u>

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

17. Schedule of other Revenues and Conditional Transfers

	Actual	Actual
	2023	2022
Other revenue from own sources		
<i>Operating fund revenue</i>		
Licenses & permits	\$ 114,595	\$ 126,033
Police prosecution & fines	76,877	59,956
Rentals	95,654	93,994
CES/CEF Expense Recovery	61,831	55,506
Interest - bank accounts and pension	1,414,047	351,787
Interest on overdue taxes	343,576	258,888
Administration charges - REMO	5,800	5,800
Tax Sale fees	39,096	57,772
Open Space Fees	200,209	92,693
Tax Information - third parties	76,158	86,990
Tax Sale surplus	48,157	15,907
Pro-Kids	20,585	20,709
Economic Development grants & VIC	59,971	43,497
Sale of Services	263,909	63,017
Other Administrative revenues	33,795	34,310
<i>Capital fund revenue</i>		
Aerated compost carts	-	-
Sewer user connect fees	-	-
LCLC fundraising	-	-
Sale of Assets (golf course, used vehicle, and land)	-	-
Liability funding - Riverport School	501,240	(23,175)
Lun Co Community Fund	1,011,198	633,212
Other Contributions	4,248	124,558
Interest on receivables	833	4,897
Donated assets (land)	3,540	-
Gain on sale of assets	4,081	-
<i>LCLC consolidated revenue</i>	1,312,379	383,954
	\$ 5,691,779	\$ 2,490,305
Conditional transfers from other governments		
Gas Tax revenue	1,180,159	2,288,242
Federal & Provincial capital grants	2,809,539	1,448,796
Provincial operating grants	227,926	412,956
LCLC consolidated government transfers	749,990	136,808
	\$ 4,967,613	\$ 4,286,802

18. 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 has 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 were budgeted utilizing the Employee Pension Reserve. These costs were 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 is 102.9 % funded with an accrued pension obligation resulting in a \$0.214 B funding surplus (extrapolated) as at March 31, 2023 on a going concern basis.

The actual pension obligation as of the actuarial date of December 31, 2022 was a funding excess of \$75.8 M.

Contributions to the Plan are required by both the employer and its employees. Total MODL employer contributions for 2022-2023 were \$829,614 and are recognized as an expense in that period.

18. 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, 2023 and consist of the following:

	2023		2022		Net Change
	Actual		Actual		
Accrued sick leave	\$ 95,211	\$	60,000	\$	35,211
Service awards	23,100		18,300		4,800
Vacation pay	422,603		396,166		26,437
	\$ 540,914	\$	474,466	\$	66,448

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 2022-23 are \$95,211 (\$60,000 – 2021-22) 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.

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

19. 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.

	2023	2022
	Actual	Actual
Salaries, benefits & other personnel costs	\$ 6,601,343	\$ 5,322,589
Long-term interest charges	49,775	69,513
Materials, outsourced and other	8,603,246	9,731,117
Amortization	2,176,382	2,066,752
Asset Retirement obligations	1,042,499	-
Utilities	633,831	608,471
Rents	10,862	2,372
Grants	847,679	1,139,509
Fire Area Rates	3,923,393	3,560,821
Policing and corrections	3,971,698	3,560,365
Reduced taxes	271,260	161,446
Total consolidated statement of operations expenditures	<u>\$ 28,131,966</u>	<u>\$ 26,222,955</u>

20. 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 2023 fiscal year the Municipality issued payments as government transfers as follows:

	2023		2022
	Budget	Actual	Actual
Grants to fire departments	\$ 253,900	\$ 294,888	\$ 214,510
Grants to agencies and institutions	805,700	552,791	924,999
	\$ 1,059,600	\$ 847,679	\$ 1,139,509

21. 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 and Human Resource management have been 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.

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

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

	<u>2023</u>	<u>2022</u>
Tipping fee payments & monitoring	\$ 1,242,096	\$ 1,238,677
IT Services	198,642	226,171
HR Services	23,153	17,873
Payable for landfill closure and post closure costs	408,830	408,830
	<u>\$ 1,872,721</u>	<u>\$ 1,891,552</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.

22. 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, and requisition over-levy. 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.

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

23. Remuneration of Elected Officials and Chief Administrative Officer

	Remuneration		Expense Claims		Totals	
	2023	2022	2023	2022	2023	2022
Mayor Carolyn Bolivar-Getson	\$ 68,358	\$ 60,023	\$ 15,923	\$ 7,480	\$ 84,281	\$ 67,503
Councillor/Deputy Mayor Pamela Hubley	46,886	29,884	7,488	2,104	54,374	31,988
Councillor/Deputy Mayor Cathy Moore	48,256	34,129	7,046	1,943	55,302	36,072
Councillor Martin Bell	44,195	36,397	3,508	923	47,703	37,320
Councillor Michelle Greek	44,195	29,884	3,030	1,932	47,225	31,816
Councillor Leitha Haysom	44,195	29,884	4,212	1,823	48,407	31,707
Councillor Wendy Oickle	44,195	29,884	3,645	1,412	47,840	31,296
Councillor Kathryn Petersen Delong	44,195	29,884	2,578	1,473	46,773	31,357
Councillor Sandra Statton	44,195	29,884	2,290	477	46,485	30,361
Councillor Chasidy Veinotte	44,195	29,884	5,500	1,598	49,695	31,482
Councillor Reid Whynot	44,195	29,884	6,247	439	50,442	30,323
	517,060	369,621	61,466	21,604	578,526	391,225
Chief Administrative Officer(s)	190,361	166,246	11,510	6,449	201,871	172,695
	\$ 707,421	\$ 535,867	\$ 72,976	\$ 28,053	\$ 780,396	\$ 563,920

24. 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 2022-23 (\$0 in 2021-22).

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

25. Area Rates

	2023	2022
	Actual	Actual
Balance, beginning of year	\$ 39,788	\$ 41,422
Rates levied		
Fire protection	3,922,545	3,565,895
Street lighting	144,197	139,491
Hydrant charges	60,092	70,139
Sewer	401,237	377,912
	4,528,070	4,153,436
Services provided in current year		
Fire protection payments	3,923,393	3,560,821
Street lighting	141,044	155,608
Hydrant charges	66,187	60,729
	4,130,625	3,777,157
Sewer		
Collection and disposal systems	878,768	669,139
Transfer to restricted reserve surplus	175,000	175,000
Municipal Subsidy	(652,532)	(466,226)
Total sewer	401,237	377,912
	4,531,861	4,155,069
Balance, end of year	\$ 35,996	\$ 39,788

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

25. 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	\$ 837	\$ 16,446	\$ 17,283	\$ 16,498	\$ 786
Blockhouse	1,778	162,099	163,876	162,290	1,587
Conquerall Bank	973	105,403	106,376	105,439	936
Cornwall	1,616	115,339	116,955	115,570	1,385
Dayspring and District	1,596	257,423	259,019	257,280	1,738
District No. 1 Fire Protection	1,255	337,641	338,896	338,467	429
Hebb's Cross	1,415	77,769	79,185	78,030	1,155
Hebbville	5,135	163,536	168,672	163,288	5,384
Hemford and District	1,086	66,268	67,354	66,138	1,217
Indian Point	796	58,388	59,184	58,722	462
Italy Cross	1,459	102,342	103,802	102,309	1,493
LaHave and District	1,414	213,627	215,041	213,749	1,292
Lapland and District	717	54,969	55,685	54,793	893
Maders Cove	-	68,900	68,900	68,900	-
Martins River	1,017	126,055	127,072	126,056	1,016
Midville and District	1,238	81,264	82,502	81,163	1,340
New Germany	2,029	293,833	295,863	292,237	3,626
Northfield	15,246	364,245	379,491	365,342	14,148
Oakhill	1,106	191,512	192,618	191,695	923
Oakland/Clearland	252	101,716	101,968	101,943	26
Petite Riviere & Crousetown	990	115,737	116,727	115,602	1,125
Pleasantville	831	99,711	100,542	99,572	970
Riverport	2,208	392,144	394,351	392,305	2,046
Tri-District ¹	1,548	167,508	169,056	168,413	643
United Communities	1,019	84,052	85,071	83,963	1,108
Walden	889	19,535	20,424	19,310	1,114
Wileville	973	85,080	86,053	84,320	1,733
	49,422	3,922,545	3,971,967	3,923,393	48,573
Hydrants	6,472	60,092	66,563	66,187	376
Sewer services	-	401,237	401,237	401,237	-
Street lighting	(16,106)	144,197	128,091	141,044	(12,953)
	\$ 39,788	\$ 4,528,070	\$ 4,567,858	\$ 4,531,861	\$ 35,996

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

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

26. Operating Reserve Details

	Balance, beginning of year	Interest on Savings	Transfer (to) from Other Funds	Other	Balance end of year
Roads	\$ 274,400	\$ -	\$ 25,000	\$ -	\$ 299,400
Surveying	17,202				17,202
General Operations	13,547,975		2,728,483		16,276,458
Climate Change Reserve	353,500				353,500
Election	50,000		50,000		100,000
Open Space Strategic Plan	324,337		260,209		584,546
Contingency	374,818		(50,000)		324,818
Depreciation Reserve	2,355,447		1,175,029		3,530,476
PACE - Clean Energy Financing	(42,884)		(3,979)		(46,862)
Restricted To Area Rates (Sewer)	1,968,773		76,420		2,045,193
LaHave River Sewer Reserve	-		24,661		24,661
LCLC Operating Reserve	43,364		-		43,364
Indian Path	26,994		-		26,994
Pro Kids	51,008		-		51,008
Pine Grove Park	-		10,265		10,265
Hirtles Beach	2,638		-		2,638
CES-CEF Reserve	169,270		25,000		194,270
Safe Restart Grant	449,888		(196,101)		253,787
SNSMR Grant	42,000		-		42,000
	\$ 20,009,563	\$ -	\$ 4,124,988	\$ -	\$ 24,134,550

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

27. Capital Reserve Details

	Balance, beginning of year	Interest	Net transfers from (to) other funds	Balance end of year
Land development - Saw Pit	\$ 6,276	\$ -	\$ -	\$ 6,276
Landfill Site Closure	858,878	33,910	(21,828)	870,959
Land Sales	502,796		(377,131)	125,664
Recreation complex depreciation	190,605	7,525	165,000	363,130
Sherbrooke Lake	200,000			200,000
Trails	6,245			6,245
Lift station replacement	537			537
Canada Community Building Fund	1,693,288	40,257	(179,527)	1,554,018
Open space	376,295		60,997	437,292
User connection fees	31,812			31,812
Aerated Carts	690			690
District General Capital	43,918		4,081	48,000
Sustainable Services Growth Fund	-	-	1,136,943	1,136,943
	\$ 3,911,340	\$ 81,693	\$ 788,534	\$ 4,781,567

Municipality of the District of Lunenburg
Notes to the Consolidated Financial Statements
As at March 31, 2023

28. Segmented Reporting Statement

							Consolidated	
	Protective Services	Engineering Services & Streets & Roads	Environmental Health	Planning and Economic Development	Recreation, Cultural & Education	Administration and Other	2023	2022
Revenues								
Property taxes	\$ 3,982,636	\$ 144,197	\$ 401,237	\$ -	\$ -	\$ 20,918,216	\$ 25,446,286	\$ 23,442,341
Grants in lieu of taxes	-	-	-	-	-	255,266	255,266	250,619
Services provided to other governments	68,937	-	-	-	-	-	68,937	60,124
Other revenue from own sources	268,940	3,622	1,051,275	1,029,829	1,427,086	1,911,027	5,691,779	2,490,305
Unconditional transfers from other govts	-	-	-	-	-	96,063	96,063	93,940
Conditional transfers from other govts	-	13,046	1,565,082	74,833	997,550	2,317,102	4,967,613	4,286,802
	4,320,514	160,865	3,017,594	1,104,662	2,424,635	25,497,675	36,525,945	30,624,133
Expenditures								
Salaries, benefits & other personnel costs	796,983	495,602	4,019	1,087,726	1,574,031	2,642,982	6,601,343	5,322,589
Interest	-	-	-	-	45,548	4,227	49,775	69,513
Materials, outsources and other operating	125,478	1,351,895	3,280,131	537,259	1,359,564	1,948,920	8,603,246	9,731,117
Amortization	2,113	307,443	907,861	185,169	682,752	91,044	2,176,382	2,066,752
Accretion	-	-	843,829	-	198,670	-	1,042,499	-
Utilities	72,778	147,184	112,112	-	245,990	55,768	633,831	608,471
Rents	1,300	-	-	9,562	-	-	10,862	2,372
Grants	310,888	-	36,028	-	-	500,763	847,679	1,139,509
Fire area rates	3,923,393	-	-	-	-	-	3,923,393	3,560,821
Policing and corrections	3,971,698	-	-	-	-	-	3,971,698	3,560,365
Contributions to boards and agencies	-	-	-	-	-	-	-	-
Reduced taxes	-	-	-	-	-	271,260	271,260	161,446
	9,204,629	2,302,123	5,183,980	1,819,716	4,106,554	5,514,964	28,131,967	26,222,955
Annual surplus (Deficit)	\$ (4,884,116)	\$ (2,141,258)	\$ (2,166,386)	\$ (715,054)	\$ (1,681,918)	\$ 19,982,711	\$ 8,393,978	\$ 4,401,178

29. Segmented Reporting Detailed 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.

29. Segmented Reporting Detailed 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.

(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.

30. Accumulated Surplus

	2023	2022
	Actual	Actual
Operating fund (schedule 1)	\$ -	\$ -
Capital fund (schedule 2)	43,344,033	40,576,992
Reserve fund (schedule 3)	28,916,117	23,920,902
Municipal Joint Service Board (note 16)	3,528,630	3,528,630
LCMPCC (note 3d)	14,741,245	14,109,522
	90,530,026	82,136,048

31. Comparative Figures

Certain 2023 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2023.

Municipality of the District of Lunenburg
Consolidated Financial Statements - Other Statements and Schedules
As at March 31, 2023

Schedule of Operating Fund Position

	2023	2022
	Actual	Actual
Financial Assets		
Cash and cash equivalents (note 5)	\$ 9,710,493	\$ 16,713,694
Taxes receivable (net of asset valuation allowances) (note 6)	1,695,320	1,375,176
Loan receivables (net of asset valuation allowances)	69,602	65,462
Due from other funds and consolidated entities	239,704	(856,830)
Other receivables (net of asset valuation allowances)	721,925	549,500
	12,437,043	17,847,002
Liabilities		
Accounts payable and accrued liabilities	1,289,989	3,741,505
Other liabilities		
Due to other funds and consolidated entities	7,296,409	10,593,950
Employee benefit obligations (note 18b)	540,914	474,466
Other liabilities	3,464,442	3,205,704
	12,591,753	18,015,626
Net Financial Assets	(154,710)	(168,624)
Non-Financial Assets		
Prepaid expenses	154,710	168,624
Accumulated Surplus	\$ -	\$ -

Municipality of the District of Lunenburg
Consolidated Financial Statements - Other Statements and Schedules
As at March 31, 2023

Schedule of Operating Fund Financial Activities and change in Fund Balances

	2023		2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Assessable property taxes	\$ 33,400,100	\$ 34,703,691	\$ 32,504,866
Expenditures as a reduction of tax revenue			
Appropriation to regional school board	(8,802,600)	(8,802,514)	(8,598,029)
Transfer to correctional services	(456,500)	(428,251)	(430,124)
Deficit of Regional Housing Authority	(35,000)	(26,640)	(34,372)
Net Assessable property taxes	<u>24,106,000</u>	<u>25,446,286</u>	<u>23,442,342</u>
Grants in lieu of taxes	254,100	255,266	250,619
Services provided to other governments	73,400	68,937	60,124
Other revenue from own sources	1,447,300	2,854,261	1,366,859
Unconditional transfers from other governments	93,900	96,063	93,940
Conditional transfers from other governments	347,500	227,926	412,956
Total Revenues	<u>26,322,200</u>	<u>28,948,740</u>	<u>25,626,840</u>
Expenditures			
General government services	6,385,700	5,365,264	5,269,489
Protective services	9,182,500	9,202,516	8,178,324
Transportation services	2,498,200	1,994,680	1,817,062
Environmental health services	3,508,800	3,432,290	3,090,529
Public health services	-	-	-
Environmental development services	2,537,900	1,634,547	2,633,252
Recreation and cultural services	2,485,200	2,325,812	2,483,456
Total Expenditures	<u>26,598,300</u>	<u>23,955,110</u>	<u>23,472,112</u>
Annual Operating Surplus	(276,100)	4,993,630	2,154,728
Financing and Transfers			
Debenture and term loan principal instalments	-	-	(640,000)
Transfers from (to) own reserves, fund and agencies	287,800	(1,974,059)	1,192,549
Change in Surplus after Financing & Transfers	<u>11,700</u>	<u>3,019,570</u>	<u>2,707,277</u>
Accumulated Surplus, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Transfer Surplus to Operating Reserve	<u>-</u>	<u>(3,019,570)</u>	<u>(2,707,278)</u>
Accumulated Surplus, End of Year	<u>\$ 11,700</u>	<u>\$ -</u>	<u>\$ -</u>

Municipality of the District of Lunenburg
Consolidated Financial Statements - Other Statements and Schedules
As at March 31, 2023

Schedule of Capital Fund Position

	2023	2022
	Actual	Actual
Financial Assets		
Cash	\$ -	\$ -
Receivables (net of asset valuation allowances)	1,540,332	786,200
Loan Receivables	1,146,093	955,472
Due from other funds	3,856,406	919,247
Assets held for resale	97,392	80,971
	6,640,223	2,741,890
Liabilities		
Bank overdraft	1,494,488	137,907
Payables	234,436	578,391
Due to other funds	3,144,928	745,057
Long-term debt (note 9a)	-	-
Other liabilities	1,588,609	1,121,888
	6,462,462	2,583,243
Net Financial Asset	177,761	158,647
Non-Financial Assets		
Tangible capital assets (net of accumulated amortization) (note 10)	43,166,273	40,418,346
Net Assets	\$ 43,344,033	\$ 40,576,992

Municipality of the District of Lunenburg
Consolidated Financial Statements - Other Statements and Schedules
As at March 31, 2023

Schedule of Capital Fund Financial Activities and Change in Fund Balances

	2023		2022
	Budget	Actual	Actual
Revenue			
Capital Contributions			
From federal and provincial governments	\$ 3,059,600	\$ 2,809,539	\$ 1,448,796
Canada Community Building Fund (Gas Tax)	1,112,400	1,180,159	2,288,242
From other municipal governments	-	-	-
Sundry	510,000	1,019,819	716,317
Change in Riverport School Liability	-	501,240	23,175
Gain on sale of assets	-	4,081	-
Total Revenue	4,682,000	5,514,838	4,476,530
Expenditures			
Write off of assets	-	58,656	127,501
Transfer to LCCF Trust	-	-	124,558
Change in Landfill Closure Liability	-	-	-
Amortization	1,040,000	1,645,057	1,558,628
Accretion	-	46,248	996,251
	1,040,000	1,749,961	2,806,938
Annual Capital Surplus	3,642,000	3,764,877	1,669,592
Financing and Transfers			
Loan payments from operating fund	-	-	640,000
Transfers from own reserves, funds	2,955,200	(1,585)	(745,057)
	2,955,200	(1,585)	(105,058)
Change in Fund Balance	6,597,200	3,763,292	1,564,535
Beginning Balance	39,580,741	39,580,741	38,016,207
Ending Balance	\$ 46,177,941	\$ 43,344,033	\$ 39,580,741

Municipality of the District of Lunenburg
Consolidated Financial Statements - Other Statements and Schedules
As at March 31, 2023

Schedule of Reserve Fund Financial Position

	2023	2022
	<u>Actual</u>	<u>Actual</u>
Financial assets		
Cash and cash equivalents (note 5)	\$ 22,571,466	\$ 13,001,773
Due from other funds	7,300,833	14,427,858
	<u>29,872,299</u>	<u>27,429,630</u>
 Liabilities and Fund Balance		
Due to other funds	<u>956,180</u>	<u>3,508,726</u>
Net Financial Assets	<u>28,916,117</u>	<u>23,920,902</u>
 Fund Balance		
Capital	4,781,567	3,911,340
Operating	24,134,550	20,009,562
	<u>\$ 28,916,117</u>	<u>\$ 23,920,902</u>

Municipality of the District of Lunenburg
Consolidated Financial Statements - Other Statements and Schedules
As at March 31, 2023

Schedule of Reserve Fund Financial Activities and Change in Fund Balance

	Capital Reserve Actual	Operating Reserve Actual	2023 Actual	2022 Total Reserve Actual
Revenue				
Interest on savings	\$ 81,693	\$ -	\$ 81,693	\$ 55,223
Total Revenue	81,693	-	81,693	55,223
Expenditures				
Municipalities & other	-	-	-	-
Annual Reserve Surplus	81,693	-	81,693	55,223
Financing and Transfers				
Transfers (from) to own				
Capital Fund & Operating Fund	788,534	1,105,417	1,893,952	(502,715)
Operating Surplus Transfer	-	3,019,570	3,019,570	2,707,278
	788,534	4,124,988	4,913,522	2,204,563
Change in Fund Balance	870,227	4,124,988	4,995,215	2,259,785
Beginning Balance	3,911,340	20,009,563	23,920,902	21,661,117
Ending Balance	\$ 4,781,567	\$ 24,134,550	\$ 28,916,117	\$ 23,920,902

Municipality of the District of Lunenburg
Consolidated Financial Statements - Other Statements and Schedules
As at March 31, 2023

Schedule of Tax Sale Accounts

Assets and Liabilities

	2023	2022
	Actual	Actual
Financial Assets		
Cash and cash equivalents	<u>\$ 2,200,307</u>	<u>\$ 2,137,600</u>
Tax Sale Surplus Liability	<u>\$ 2,200,307</u>	<u>\$ 2,137,600</u>

Schedule of Tax Sale Operations

	2023	2022
	Actual	Actual
Revenue		
Tax Sale Surplus funds received	\$ -	\$ -
Expenses		
Tax Sale Surplus payments	62,707	471,333
Change in Tax Sale Surplus	62,707	471,333
Beginning Tax Sale Surplus	<u>2,137,600</u>	<u>1,666,267</u>
Ending Tax Sale Surplus	<u>\$ 2,200,307</u>	<u>\$ 2,137,600</u>

MUNICIPALITY OF THE DISTRICT OF LUNENBURG TRUST FUNDS FINANCIAL STATEMENTS

MARCH 31, 2023



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

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, 2023, 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, 2023, 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 26, 2023


CHARTERED PROFESSIONAL ACCOUNTANTS

Municipality of the District of Lunenburg
Trust Fund Financial Statements
As at March 31, 2023

Statement of Financial Position

	Burial Funds	School Lands	LCCF	March 31	
				2023	2022
				Actual	Actual
Assets					
Cash	\$ 3,119	\$ 26,227	\$ 1,031,586	1,060,932	\$ 914,618
Due from the District of Lunenburg	120	1,013	38,621	39,754	146,964
	<u>\$ 3,240</u>	<u>\$ 27,240</u>	<u>\$ 1,070,207</u>	<u>\$ 1,100,687</u>	<u>\$ 1,061,582</u>
Liabilities					
Due to the District of Lunenburg	\$ -	\$ 1,013	\$ 70,207	71,220	32,236
Accounts payable - schools	-	-	-	-	-
Reserves					
Trust funds reserves	3,240	26,227	1,000,000	1,029,467	1,029,346
Reserves and Liabilities	<u>\$ 3,240</u>	<u>\$ 27,240</u>	<u>\$ 1,070,207</u>	<u>\$ 1,100,687</u>	<u>\$ 1,061,582</u>

Reserves Detail	(note 3) Burial Funds	(note 4) School Lands	(note 5) LCCF	Year Ended March 31	
				2023	2022
				Actual	Actual
Balance, beginning of year	\$ 3,120	\$ 26,227	\$ 1,000,000	1,029,346	\$ 904,713
Interest received on trust accounts	120	1,013	38,621	39,754	22,406
Funds received in trust	-	-	-	-	124,558
	<u>3,240</u>	<u>27,240</u>	<u>1,038,621</u>	<u>1,069,100</u>	<u>1,051,677</u>
Trust expenses	-	1,013	38,621	39,634	22,331
	-	1,013	38,621	39,634	22,331
Balance, end of year	<u>\$ 3,240</u>	<u>\$ 26,227</u>	<u>\$ 1,000,000</u>	<u>\$ 1,029,467</u>	<u>\$ 1,029,346</u>

On behalf of the Municipality of the District of Lunenburg

 Mayor

 Chief Administrative Officer

Notes to the Financial Statements

1. Purpose of Trust

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

2. Significant accounting policies

a. Basis of presentation

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

b. 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.

c. 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.

2. Significant accounting policies (continued)

d. 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

	2023	2022
	<u>Actual</u>	<u>Actual</u>
Distribution of funds		
Conrad, Ray	\$ 1,847	\$ 1,778
Smith, Everette	855	823
Wagner, Willis	539	519
	<u>\$ 3,240</u>	<u>\$ 3,120</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.

Municipality of the District of Lunenburg
Trust Fund Financial Statements
As at March 31, 2023

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.

	2023	2022
	Actual	Actual
Balance, beginning of year	<u>\$ 1,000,000</u>	\$ 875,442
Homeowner payments	<u>-</u>	<u>124,558</u>
Balance, end of year	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

