

# Consolidated Financial Statements

Municipality of the District of Chester

March 31, 2023

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**Municipality of the District of Chester**

Consolidated Financial Statements

March 31, 2023

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Audit and Finance Committee. The Council reviews internal consolidated financial statements on a monthly basis and external audited consolidated financial statements annually. The Audit Committee also discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Municipality of the District of Chester and meet when required. The accompanying Independent auditor's report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Municipality of the District of Chester

  
\_\_\_\_\_  
Tim Topping, CPA, CA  
Director of Finance

  
\_\_\_\_\_  
Tara Maguire  
Chief Administrative Officer

September 28, 2023

# Independent auditor's report

## To the Council of the Municipality of the District of Chester

### Opinion

We have audited the consolidated financial statements of Municipality of the District of Chester (“the Municipality”), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, change in net financial assets 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 financial position of Municipality of the District of Chester as at March 31, 2023, and its results of operations, its changes in its net financial assets, and its 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 the 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.

### Other Matter – Supplementary Financial Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the Schedules on pages 22 to 27 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to a 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Bridgewater, Canada  
September 28, 2023

Chartered Professional Accountants

**Municipality of the District of Chester  
Consolidated Statement of Operations**

Year Ended March 31	2023	2023	2022
	<u>Budget</u>	<u>Actual</u>	Restated Note 2 <u>Actual</u>
<b>Revenue</b>			
Taxes	\$ 14,737,067	\$ 15,360,257	\$ 14,032,402
Grants in lieu of taxes	175,912	182,890	188,432
Sales of services	3,828,163	4,921,657	4,727,172
Other revenue from own sources	1,211,703	1,551,513	1,467,406
Transfers from Federal and Provincial governments and agencies			
Unconditional	99,955	119,914	80,848
Conditional	44,479	407,023	264,730
Grants for capital projects	599,418	989,629	1,198,641
Interest	24,000	1,275,668	388,926
Gain on disposal of assets		85,750	103,843
	<u>\$ 20,720,697</u>	<u>\$ 24,894,301</u>	<u>\$ 22,452,400</u>
<b>Expenditures</b>			
General government services	\$ 5,766,061	\$ 5,229,988	\$ 4,410,746
Protective services	3,286,968	3,164,495	2,834,733
Transportation services	918,874	1,777,115	857,106
Environmental health services	6,579,125	7,072,682	6,277,179
Environmental development services	1,985,935	1,696,400	1,303,713
Recreational and cultural services	1,053,398	876,549	904,339
	<u>\$ 19,590,360</u>	<u>\$ 19,817,229</u>	<u>\$ 16,587,816</u>
Annual surplus	\$ 1,130,337	\$ 5,077,072	\$ 5,864,584
Accumulated surplus, beginning of the year		<u>42,185,539</u>	<u>40,033,847</u>
Adjustment on the adoption of the asset retirement obligation standard (note 2)		-	(3,712,891)
Accumulated surplus, end of the year		<u>\$ 47,262,612</u>	<u>\$ 42,185,539</u>

**Municipality of the District of Chester**  
**Consolidated Statement of Change in Net Financial Assets**

Year Ended March 31	2023	2023	2022
	<u>Budget</u>	<u>Actual</u>	Restated Note 2 <u>Actual</u>
Annual surplus	\$ 1,130,337	\$ 5,077,072	\$ 5,864,584
Acquisition of tangible capital assets	-	(5,201,907)	(1,967,159)
Amortization of tangible capital assets	<u>2,467,585</u>	<u>3,339,166</u>	<u>2,844,384</u>
	3,597,922	3,214,331	6,741,809
Decrease (increase) in prepaid expense	<u>-</u>	<u>21,922</u>	<u>10,208</u>
Increase in net financial assets	3,597,922	3,236,253	6,752,017
Net financial assets			
Beginning of year	<u>13,748,165</u>	<u>13,748,165</u>	<u>10,709,039</u>
Adjustment on the adoption of the asset retirement obligation standard (note 2)		-	(3,712,891)
End of year	\$ <u>17,346,088</u>	\$ <u>16,984,419</u>	\$ <u>13,748,165</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Chester  
Consolidated Statement of Financial Position**

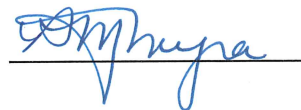
March 31	2023	2022
		Restated Note 2
<b>Financial Assets</b>		
Cash and cash equivalents (Note 5)	\$ 30,763,956	\$ 38,487,055
Receivables (Note 6)	4,209,696	2,701,151
Long Term Investments (Note 7)	10,000,000	-
	<u>44,973,652</u>	<u>41,188,206</u>
<b>Liabilities</b>		
Payables and accruals	2,821,268	3,123,649
Employee future benefits (Note 8)	243,033	212,159
Deferred revenue (Note 9)	1,368,428	778,026
Tax sale surplus (Note 10)	349,423	351,450
Long term debt (Note 11)	5,391,686	5,721,324
Asset retirement obligation (Note 15)	17,815,396	17,253,433
	<u>27,989,233</u>	<u>27,440,041</u>
<b>NET FINANCIAL ASSETS</b>	<u>16,984,419</u>	<u>13,748,165</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 12)	30,116,085	28,253,344
Prepays	162,108	184,030
	<u>30,278,193</u>	<u>28,437,374</u>
<b>ACCUMULATED SURPLUS (Note 21)</b>	<u>\$ 47,262,612</u>	<u>\$ 42,185,539</u>

Commitments (Note 16)

On behalf of the Municipality of the District of Chester



Warden



Clerk

See accompanying notes and schedules to the consolidated financial statements.



**Municipality of the District of Chester**  
**Consolidated Statement of Cash Flows**

Year Ended March 31

**2023**

**2022**

Restated Note 2

**Cash and cash equivalents provided by (used):**

**Operating activities**

Annual surplus	\$ 5,077,072	\$ 5,864,584
Amortization of tangible capital assets	3,339,166	2,844,384
Accretion expense	517,604	502,527
	<u>8,933,842</u>	<u>9,211,495</u>
Changes in non-cash assets and liabilities		
Decrease (increase) in receivables	(1,508,545)	400,767
Decrease (increase) in prepaid expenses	21,922	10,208
(Decrease) increase in payables	(302,381)	(277,692)
Decrease in employee future benefits	30,874	(2,946)
(Decrease) increase in deferred revenue	590,401	(16,606)
Increase (decrease) in tax sale surplus	(2,027)	72,351
Increase in asset retirement liabilities	44,360	-
	<u>7,808,446</u>	<u>9,397,578</u>

**Investing activities**

Acquisition of tangible capital assets	(5,201,907)	(1,967,159)
Investments	(10,000,000)	-
	<u>(15,201,907)</u>	<u>(1,967,159)</u>

**Financing activities**

Proceeds from issuance of long term debt	595,356	1,182,503
Repayment of long term debt	(924,994)	(1,063,877)
	<u>(329,638)</u>	<u>118,626</u>

Increase in cash and cash equivalents	(7,723,099)	7,549,045
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Cash and cash equivalents

Beginning of year	<u>38,487,055</u>	<u>30,938,010</u>
End of year	<u>\$ 30,763,956</u>	<u>\$ 38,487,055</u>

See accompanying notes and schedules to the consolidated financial statements.

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**Municipality of the District of Chester**  
**Notes to the Consolidated Financial Statements**  
March 31, 2023

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**1. Significant accounting policies**

The consolidated financial statements of the Municipality of the District of Chester (the "Municipality") are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). Significant aspects of the accounting policies adopted by the Municipality are as follows:

**a) Reporting entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in accumulated surplus and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality.

Interdepartmental and organizational transactions and balances are eliminated. The consolidated entity consists of the general operating fund, general capital fund, operating reserve fund and the capital reserve fund.

**b) Basis of accounting**

The accrual basis of accounting followed in the financial statement presentation includes recognizing revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred.

**c) Valuation allowance**

The Municipality provides a valuation allowance for estimated losses that will be incurred in collecting receivables outstanding.

**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) Use of estimates**

The presentation of financial statements, in conformity with PSAS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, valuation allowances for receivables, assets and obligations related to employees future benefits and landfill closure liability. Actual results could differ from those reported. In addition, 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, and estimates of discount and inflation rates.

**f) Asset retirement obligation:**

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.

The Municipality operates a solid waste landfill site. Landfill closure costs for the landfill site include closure costs at retirement for capping the cells as well as post closure costs for ongoing environmental monitoring. These factors together with assumptions for timing of closure, annual inflation and rate of return are used to calculate the net present value of the cost. The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses.

Additional liabilities have also been recognized based on estimated future expenses at the end of useful life for the removal of asbestos in buildings, remediation costs for wharves, and retirement costs for wind turbines owned by the Municipality.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in h).

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**Municipality of the District of Chester**  
**Notes to the Consolidated Financial Statements**  
March 31, 2023

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**1. Significant accounting policies (continued)**

**g) 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 Chester: is directly responsible; or accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

As at March 31, 2023 there are no known contaminated sites identified.

**h) Tangible capital assets**

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Buildings - Plants	20 years
Electronic Data Equipment	3 years
Lagoons	10 years
Land Improvements	20 years
Landfill	as estimated capacity is utilized
Machinery and Equipment	5-10 years
Municipal Buildings	40 years
Sewer Lines	50 years
Sidewalks	20 years
Small Equipment	5 years
Streets, Roads & Curbs	25 years
Vehicles	5 years
Wharves	25 years
Wind Turbines	20 years

Full amount of the annual amortization is charged in the year of acquisition except for wind turbines. Wind turbines are amortized beginning on the date power generation occurs in accordance with the provincial community feed-in tariff (COMFIT) program agreement. Assets under construction are not amortized until the asset is available for productive use.

All costs associated with placing an asset in service, including freight, installation costs, site preparation costs, alterations and professional fees are included in the capitalized value.

**i) Revenue and expenditure**

The accrual basis of accounting is used for all funds. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of legal obligation to pay.

Tax and related revenue

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Property Valuation Services Corporation (PVSC). Tax rates are established annually by Council during the budget approval process. Tax adjustments as a result of appeals and re-assessment are recorded when the result of the appeals process is known.

Government transfers

Grant proceeds from other governments are recognized as revenue when the transfer is authorized and eligibility criteria and stipulations are met. Grant proceeds where eligibility criteria and stipulations are not met are recorded as deferred revenue.

Other revenues

Other revenues are recognized as services or goods are provided, the exchange amount is measurable and collectability of the amount is reasonably assured.

**j) Budget figures**

The budget figures contained in these consolidated financial statements were approved by council on April 28, 2022 in its original fiscal plan. Note 20 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

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**Municipality of the District of Chester**  
**Notes to the Consolidated Financial Statements**  
March 31, 2023

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**2. Change in accounting policies:**

Effective for the fiscal period beginning on April 1, 2022, the Municipality is required to adopt the following Public Sector Accounting standards:

- a) Section 3450 financial instruments establishes standards for recognizing and measuring financial assets, financial liabilities, and non-financial derivatives. This standard has been adopted. There is no material impact to these statements.
- b) Section 2601 foreign currency translation, 1201 financial statement presentation, and 3041 portfolio investments revise current standards that the Municipality has already adopted. There is no material impact to these statements.
- c) Section 3280 asset retirement obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The new accounting standard replaces existing Section PS 3270 - Solid Waste Landfill Closure and Post-Closure Liability. This standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

The Municipality removed the landfill post-closure liability as at the date of adoption of PS3280 and replaced this with an asset retirement obligation. The liability represents the required closure and post-closure care for the landfill sites owned by the Municipality using March 31, 2006 as the date when the liability was assumed, with estimated useful life determined by estimation of landfill capacity and waste volumes.

The Municipality owned buildings requiring asbestos remediation, wharves requiring end of life remediation, and a wind turbine each with initial dates of obligation recognition at the beginning of the asset's useful life and end of life determined by the end of the estimated useful life of the most recent significant addition to the asset.

In accordance with the provisions of the new standard, the Municipality reflected the following adjustments for the year ended April 1, 2022:

**Landfill obligation:**

A decrease of \$10,151,201 to the Landfill Post-Closure Liability under the old standard. An increase to the Landfill capital asset account of \$10,438,140 representing the original estimate of the obligation as at March 31, 2006, and an increase of \$5,537,658 to accumulated depreciation representing 18 years of amortization had the liability originally been recognized. An asset retirement obligation of \$16,262,282 including closure costs and post-closure costs, adjusted for inflation and discounted to present value using a rate of 3%. A decrease to the opening accumulated surplus of \$3,333,000, as a result of the recognition of the liability and the accompanying increase in depreciation and accretion expense for the 18 years since 2005-2006. Decrease in reported Landfill Closure expense by \$2,122,401 March 31, 2022. Depreciation expense \$369,177 (2023), \$369,177 (2022); accretion expense \$502,505 (2023), \$487,868 (2022).

**Buildings:**

Effective April 1, 2021 an increase to the Municipal Buildings capital asset account for buildings: Annex Building, 186 Central St, Chester; and New Ross Family Resource Centre (NRFRC), 4689 NS-12, New Ross, NS; totalling \$34,723 and representing the original estimate of the obligation, with \$23,068 recorded to accumulated depreciation, and with an asset retirement obligation of \$213,832 adjusted for inflation and discounted to present value using a rate of 3%. A decrease to the opening accumulated surplus of \$202,177, as a result of the recognition of the liability and the accompanying increase in depreciation and accretion expense for the 67 years since 1956 (Annex), and 62 years since 1962 (New Ross Family Centre). 34 Harbourview Lane was purchased by the Municipality 2023 with an anticipated demolition date of 2024. The property is known to have asbestos requiring abatement. The value of the asset and liability associated with the demolition is \$44,360, such that total municipal buildings ARO asset is \$79,084, and total ARO liability is \$271,214 as at March 31, 2023. Depreciation expense \$377 (2023), \$377 (2022); accretion expense \$6,607 (2023), \$6,415 (2022).

**Wharves:**

Effective April 1, 2021, an increase to the Wharves capital asset account of \$17,774 representing the original estimate of the obligation and \$12,194 increase to accumulated depreciation, and an asset retirement obligation of \$101,668 adjusted for inflation and discounted to present value using a 3% rate. A decrease to the opening accumulated surplus of \$96,088, as a result of the recognition of the liability and the accompanying increase in depreciation and accretion expense for the 62 years since 1962. Depreciation expense \$207 (2023), \$207 (2022); accretion expense \$3,142 (2023), \$3,050 (2022).

**Wind Turbines:**

Effective April 1, 2021, an increase to the Wind Turbine capital asset account of \$140,765 representing the original estimate of the obligation, and \$49,268 increase to accumulated depreciation, and an asset retirement obligation of \$173,123 adjusted for inflation and discounted to present value using a 3% rate. A decrease to the opening accumulated surplus of \$81,626, as a result of the recognition of the liability and the accompanying increase in depreciation and accretion expense for the 9 years since 2014. Depreciation expense \$7,038 (2023), \$7,038 (2022); accretion expense \$5,350 (2023), \$5,194 (2022).

**Municipality of the District of Chester**  
**Notes to the Consolidated Financial Statements**  
March 31, 2023

**2. Change in accounting policies (continued):**

**Adjustment on adoption of ARO standard**

	<u>Landfill Closure</u>	<u>Asbestos Removal</u>	<u>Wharf Removal</u>	<u>Wind Turbine Retirement</u>	<u>Total ARO Impacts</u>
ARO liability	\$ 16,262,282	\$ 213,832	\$ 101,668	\$ 173,123	\$ 16,750,905
ARO asset	10,438,140	34,723	17,774	140,765	10,631,402
ARO accumulated depreciation	(5,537,658)	(23,068)	(12,194)	(49,268)	(5,622,188)
Net asset	<u>4,900,482</u>	<u>11,655</u>	<u>5,580</u>	<u>91,497</u>	<u>5,009,214</u>
Landfill closure liability, ending	(10,151,201)	-	-	-	(10,151,201)
Landfill closure expense	2,122,401	-	-	-	2,122,401
Adjustment on adoption	<u>\$ 3,333,000</u>	<u>\$ 202,177</u>	<u>\$ 96,088</u>	<u>\$ 81,626</u>	<u>\$ 3,712,891</u>
Accumulated accretion	5,824,142	179,109	83,894	32,358	6,119,503
Accumulated depreciation	5,537,658	23,068	12,194	49,268	5,622,188
Landfill closure liability, opening	(8,028,800)	-	-	-	(8,028,800)
Adjustment on adoption	<u>\$ 3,333,000</u>	<u>\$ 202,177</u>	<u>\$ 96,088</u>	<u>\$ 81,626</u>	<u>\$ 3,712,891</u>

**3. Contributions to boards and commissions**

The Municipality, along with other municipal units in Lunenburg County, is required to provide funding for the operations of various Boards and regional authorities.

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

**Lunenburg County Regional Housing Authority**

Responsible for 11.09% share of operations in Western Shore Unit

Responsible for 11.09% share of operations in New Ross Unit

During 2023, the Municipality incurred costs payable of \$36,998 (2022 - \$14,889) to the Lunenburg County Regional Housing Authority as its share of operations.

**South Shore Regional Library Board - 18.55% share**

During 2023, the Municipality paid \$85,700 (2022 - \$68,035) to the South Shore Regional Library Board.

**4. Contributions to provincial government departments & agencies**

The Municipality, along with other municipal units in Lunenburg County, is required to finance the operations of various provincial departments based upon formulas defined in legislation.

**Corrections contribution**

The required contribution for corrections is set by the Province, to be recovered from all municipal units. During 2023, the Municipality paid \$233,869 (2022 - \$233,337) to the province for correction services.

**Education contribution**

The contribution to the South Shore Regional Centre for Education is calculated using the mandatory municipal education rate (set by the Minister of Education) times the Municipality's uniform assessment. For 2023 the education tax rate of \$.3048 (2022 - \$.3048) per \$100 of uniform assessment times the uniform assessment of \$1,741,116,861 (2022 - \$1,707,471,788) for a total amount paid of \$5,306,924 (2022 - \$5,204,374).

**Assessment services contribution**

The required contribution for assessment services is calculated first using an amount, set by the PVSC, to be recovered from all municipal units for 2023 \$17,532,046 (2022 - \$17,694,302). 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 assessment accounts as a percentage of the provincial assessment accounts. During 2023 the Municipality paid \$345,781 (2022 - \$349,827) to the PVSC for assessment services.

**Municipality of the District of Chester**  
**Notes to the Consolidated Financial Statements**  
March 31, 2023

**5. Cash and cash equivalents**

The Cash and cash equivalents amount on the Consolidated Statement of Financial Position includes portfolio investments as follows:

	<u>Operating</u>	<u>Capital</u>	<u>Reserves</u>	<u>2023</u>	<u>2022</u>
Cash	\$ 2,055,968	\$ 314,899	\$ 28,393,089	\$ 30,763,956	\$ 23,501,217
Short term investments (GICs)	-	-	-	-	14,985,838
	<u>\$ 2,055,968</u>	<u>\$ 314,899</u>	<u>\$ 28,393,089</u>	<u>\$ 30,763,956</u>	<u>\$ 38,487,055</u>

Included in the cash and cash equivalents are restricted amounts. The gas tax grant program funds are restricted to eligible capital projects. The landfill closure funds are restricted by provincial regulations to fund landfill closure costs. The tax sale surplus funds are restricted as they are required to be held as described in note 8.

	<u>Operating</u>	<u>Capital</u>	<u>Reserves</u>	<u>2023</u>	<u>2022</u>
Gas tax grant program	\$ -	\$ -	\$ 4,892,425	\$ 4,892,425	\$ 3,276,929
Tax sale surplus account	353,722	-	-	353,722	351,450
Landfill closure costs	-	-	-	-	10,151,201
Unrestricted cash	1,702,246	314,899	23,500,664	25,517,809	24,707,475
	<u>\$ 2,055,968</u>	<u>\$ 314,899</u>	<u>\$ 28,393,089</u>	<u>\$ 30,763,956</u>	<u>\$ 38,487,055</u>

**6. Receivables**

Taxes receivable - rate roll:	<u>Current Year</u>	<u>2022</u>	<u>2021 and Prior</u>	<u>2023 Total</u>	<u>2022 Total</u>
Balance, beginning of year	\$ -	\$ 1,058,077	\$ 324,986	\$ 1,383,063	\$ 1,836,832
Collections for other governments	1,924,780	-	-	1,924,780	1,758,135
Current year's levy	17,726,756	-	-	17,726,756	16,349,518
	<u>19,651,536</u>	<u>1,058,077</u>	<u>324,986</u>	<u>21,034,599</u>	<u>19,944,485</u>
Deduct					
Current year's collections	18,327,310	779,725	170,696	19,277,732	18,250,280
Reduced taxes	324,916	-	-	324,916	311,142
Write-offs	-	-	-	-	-
	<u>18,652,227</u>	<u>779,725</u>	<u>170,696</u>	<u>19,602,648</u>	<u>18,561,422</u>
Balance, end of year	<u>\$ 999,309</u>	<u>\$ 278,352</u>	<u>\$ 154,290</u>	<u>\$ 1,431,951</u>	<u>\$ 1,383,063</u>

Allowance for uncollectible taxes & unresolved assessments	(71,206)	(70,150)
Allowance for other doubtful accounts	(153,009)	(49,138)
Taxes receivable - interest	114,716	115,726
Billing receivable - water utility	-	(42)
HST receivable	310,232	92,187
Due from Federal government	312,953	7,801
Due from Provincial government	479,234	335,181
Due from other local governments	648,439	59,950
Landfill receivable	613,454	504,504
Water supply upgrade loans	109,243	117,193
Private road upgrade loans	16,546	19,516
Other	397,143	185,360
Receivables, end of year	<u>\$ 4,209,696</u>	<u>\$ 2,701,151</u>

**7. Long term Investments**

	<u>2023</u>	<u>2022</u>
The Bank of Nova Scotia (BNS) Long Term Non Redeemable GIC	<u>10,000,000</u>	<u>-</u>
	<u>\$ 10,000,000</u>	<u>-</u>

BNS Long Term Non Redeemable GIC, certificate number 10000001YJSJ9, was issued in the amount of \$10,000,000 on September 16, 2022 with a 5 year term. The maturity date is September 16, 2027, and the maturity value is \$12,715,902.85. Interest is compounded annually at an interest rate of 4.92%. This GIC is held to cover the Landfill Asset Retirement Obligation.

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**Municipality of the District of Chester**  
**Notes to the Consolidated Financial Statements**  
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**8. Employee future benefits - non-vested sick leave benefits**

The Municipality provides non-vested sick leave benefits to eligible Municipal employees. Municipal employees are provided with 15 days per year (1.25 days per month) and are allowed to accumulate unused sick day credits each year, up to the allowable maximum of 150 days. New employees are granted 3 days of sick leave on their date of hire with respect to the probationary period and any unused days can be carried over when the probationary period is completed. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. No benefit in respect of accumulated sick leave is payable upon termination, retirement, or death.

The benefit costs and liabilities related to the plan are included in the consolidated financial statements. The most recent actuarial valuation was received for fiscal period ending March 31, 2023.

The Municipality has provided non-vested sick leave benefits as follows:

	<u>2023</u>	<u>2022</u>
<b>Accrued benefit liability</b>		
Accrued benefit obligation, beginning of the year	\$ 203,237	\$ 215,105
Current service cost for the year	19,542	17,140
Interest cost for the year	3,912	3,936
Fiscal payments for employees	<u>(24,743)</u>	<u>(24,022)</u>
Accrued benefit liability	201,948	212,159
Unamortized gains	41,085	(8,922)
Accrued benefit obligation	<u>\$ 243,033</u>	<u>\$ 203,237</u>
<b>Employee future benefits, non-vested sick leave benefits</b>		
Current service costs	\$ 19,542	\$ 17,140
Interest cost for the year	<u>3,912</u>	<u>3,936</u>
	<u>\$ 23,454</u>	<u>\$ 21,076</u>

The significant actuarial assumptions adopted in measuring the municipality's non-vested sick leave benefits are as follows:

<b>Assumptions:</b>	<u>2023</u>	<u>2022</u>
Discount rate		
At start of year	1.95%	1.95%
At end of year	2.97%	1.95%
Retirement age at	age 65	age 65
Rate of compensation increase	3.00%	3.00%

Actuarial gains are amortized starting the year following the year in which the gain occurs. Amortization is on a straight line basis over the expected average remaining service life (15 years).

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**Municipality of the District of Chester**  
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**9. Deferred revenue**

Funds received with specific eligibility criteria and stipulations that result in a liability, are recorded in deferred revenue until these initial criteria and stipulations have been met.

	<u>2023</u>	<u>2022</u>
Prepayment of taxes	\$ 364,749	\$ 336,131
Other deferred revenue	<u>1,003,679</u>	<u>441,895</u>
Total Deferred Revenue	<u>\$ 1,368,428</u>	<u>\$ 778,026</u>

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**10. Tax sale surplus account**

The Municipality is required to deposit in a tax sale surplus account the balance of proceeds of properties sold for taxes, after deducting the taxes owing to the Municipality at the time a property was sold. Where a balance remains in the tax sale surplus account twenty years after the sale, the Municipality is required to transfer it to the Capital Reserve Fund. As per provincial accounting rules for municipalities the tax sale surplus is shown as a liability on the consolidated financial statements.

The tax sale surplus account amounts and the years in which they arose are as follows:

	<u>2023</u>	<u>2022</u>
2003	\$ 8,396	\$ 8,396
2005	8,267	8,267
2011	20,717	20,717
2012	10,040	10,040
2014	9,944	9,944
2015	1,000	1,000
2016	40,158	40,158
2018	72,071	72,071
2019	15,407	15,407
2020	83,570	83,570
2022	58,710	72,351
accumulated interest	<u>21,143</u>	<u>9,529</u>
	<u>\$ 349,423</u>	<u>\$ 351,450</u>

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**Municipality of the District of Chester**  
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**11. Long term debt**

**2023**                      **2022**

**Capital asset loans**

Municipal Finance Corporation debenture, bearing interest of 5.480%, repayable in annual instalments of \$63,784 plus interest, and a final lump-sum payment of \$174,694, maturing in 2024. The original debenture of \$1,067,670 was taken out in 2008 for environmental health services use.

**\$ 174,694**    **\$ 238,478**

Municipal Finance Corporation debenture, bearing interest of 3.480%, repayable in annual instalments of \$63,000 plus interest, maturing in 2023. The original debenture of \$630,000 was taken out in 2012 for environmental health and general government services use.

**-**                      **63,000**

Municipal Finance Corporation debenture, bearing interest from 2.812% - 2.979%, repayable in annual instalments of \$45,250 plus interest, maturing in 2024. The original debenture of \$794,500 was taken out in 2013 for environmental health services use.

**45,250**                      **90,500**

Municipal Finance Corporation debenture, bearing interest from 3.003% - 3.792%, repayable in an installment of 330,333 in 2020 followed by annual instalments of \$235,333 plus interest, maturing in 2030. The original debenture of \$4,005,000 was taken out in 2015 for environmental health and environmental development services use.

**1,647,336**                      **1,882,669**

Municipal Finance Corporation debenture, bearing interest from 2.218% - 2.925%, repayable in annual instalments of \$62,700 plus interest to fiscal 2022, then reduced to annual instalments of \$41,500 plus interest, maturing in 2027. The original debenture of \$521,000 was taken out in 2016 for environmental health.

**166,000**                      **207,500**

Municipal Finance Corporation debenture, bearing interest from 2.761% - 3.2995%, repayable in annual instalments of \$259,810 plus interest, maturing in 2029. The original debenture of \$2,598,104 was taken out in 2019 for environmental health.

**1,558,864**                      **1,818,674**

Municipal Finance Corporation debenture, bearing interest from 2.963% - 3.389%, repayable in annual instalments of \$34,000 plus interest, maturing in 2029. The original debenture of \$340,000 was taken out in 2019 for environmental health.

**204,000**                      **238,000**

Municipal Finance Corporation debenture, bearing interest from 0.400% - 2.376%, repayable in annual instalments of \$132,317 plus interest to fiscal 2027, then reduced to annual instalments of \$54,183 plus interest, maturing in 2032. The original debenture of \$932,503 was taken out in 2022 for environmental health.

**800,186**                      **932,503**

Municipal Finance Corporation debenture, bearing interest from 0.500% - 1.489%, repayable in annual instalments of \$50,000 plus interest, maturing in 2027. The original debenture of \$250,000 was taken out in 2022 for environmental health.

**200,000**                      **250,000**

Municipal Finance Corporation debenture, bearing interest from 2.575% - 3.782%, repayable in annual instalments of \$59,536 plus interest, maturing in 2032. The original debenture of \$595,356 was taken out in 2022 for environmental health.

**595,356**                      **-**

**\$ 5,391,686**    **\$ 5,721,324**

Principal repayments during the next five years are due as follows:

2024	\$	1,032,440
2025	\$	812,496
2026	\$	812,496
2027	\$	812,496
2028	\$	642,862

All long term debt outstanding at year end has been properly authorized by Service Nova Scotia and the Department of Municipal Affairs.

Interest expensed on long term debt during the year was \$164,655 (2022 - \$175,876).

**Municipality of the District of Chester**  
**Notes to the Consolidated Financial Statements**  
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12. Tangible capital assets	Asset Retirement Obligation					Ending Cost
	Opening Cost	Asset	Additions	Disposals	Transfers	
Buildings - Plants	\$ 11,949,298	\$		\$ -	\$	\$ 11,949,298
Electronic Data Equipment	1,461,117			-	-	1,461,117
Lagoons	233,493			-	-	233,493
Land	3,057,621		466,304	-	-	3,523,925
Land Improvements	2,221,467		6,858	-	-	2,228,325
Landfill	25,068,509	-		-	-	25,068,509
Machinery and Equipment	4,868,225		1,393,199	-	-	6,261,424
Municipal Buildings	3,639,320	44,360		-	-	3,683,680
Sewer Lines	8,283,492		53,624	-	-	8,337,116
Sidewalks	2,726,065			-	-	2,726,065
Small Equipment	356,165		18,015	-	-	374,180
Streets, Roads & Curbs	6,029,389			-	-	6,029,389
Vehicles	694,946		240,856	(32,386)	-	903,416
Wharves	348,990	-	-	-	29,993	378,982
Wind Turbine	5,264,658	-		-	-	5,264,658
Work in Progress	828,366		2,978,691	-	(29,993)	3,777,065
	<u>\$ 77,031,121</u>	<u>\$ 44,360</u>	<u>\$ 5,157,547</u>	<u>\$ (32,386)</u>	<u>\$ -</u>	<u>\$ 82,200,642</u>

	Asset Retirement Obligation				
	Opening Accumulated Amortization	Asset	Amortization During the Year	Amortization on Disposals	Ending Accumulated Amortization
Buildings - Plants	\$ 7,078,229		\$ 443,697	\$ -	\$ 7,521,926
Electronic Data Equipment	1,298,575		100,345	-	1,398,920
Lagoons	86,660		13,751	-	100,411
Land	-		-	-	-
Land Improvements	1,576,526		78,062	-	1,654,588
Landfill	18,142,218		1,450,957	-	19,593,175
Machinery and Equipment	3,339,462		369,291	-	3,708,753
Municipal Buildings	1,633,780		97,148	-	1,730,927
Sewer Lines	6,022,959		164,902	-	6,187,861
Sidewalks	1,860,175		99,504	-	1,959,679
Small Equipment	336,641		13,149	-	349,790
Streets, Roads & Curbs	4,477,725		144,051	-	4,621,776
Vehicles	623,358		86,223	(32,386)	677,195
Wharves	174,870		14,655	-	189,525
Wind Turbine	2,126,599		263,431	-	2,390,031
	<u>\$ 48,777,777</u>	<u>-</u>	<u>\$ 3,339,166</u>	<u>\$ (32,386)</u>	<u>\$ 52,084,557</u>

	NBV 2023	NBV 2022
Buildings - Plants	\$ 4,427,372	\$ 4,871,069
Electronic Data Equipment	62,197	162,542
Lagoons	133,082	146,833
Land	3,523,925	3,057,621
Land Improvements	573,737	644,941
Landfill	5,475,334	6,926,292
Machinery and Equipment	2,552,671	1,528,763
Municipal Buildings	1,952,753	2,005,540
Sewer Lines	2,149,255	2,260,533
Sidewalks	766,386	865,890
Small Equipment	24,390	19,524
Streets, Roads & Curbs	1,407,613	1,551,664
Vehicles	226,221	71,588
Wharves	189,457	174,119
Wind Turbines	2,874,627	3,138,059
Work in Progress	3,777,065	828,366
	<u>\$ 30,116,085</u>	<u>\$ 28,253,344</u>

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**Municipality of the District of Chester**  
**Notes to the Consolidated Financial Statements**  
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**13. School Capital Fund**

On January 31, 1982, the Municipality joined with the other Municipalities and Towns of Lunenburg County to form the South Shore District School Board, now the South Shore Regional Centre for Education. Under the agreement, all school buildings on hand at December 31, 1981, will remain assets of the Municipality, but will be under the control of the Regional Centre until such time as the Regional Centre no longer requires the asset for school purposes. At that time, control will revert to the Municipality. Since the Municipality does not have control over these assets at this time, they are not included in the consolidated financial statements of the Municipality. When control reverts back to the Municipality, they will be added as donated assets.

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**14. Pension plans**

Defined Contribution Plan

The Municipality currently makes contributions to a pension plan on behalf of employees who have opted to participate in the plan. The pension plan is a defined contribution plan and is administered by ManuLife on behalf of the Municipality. Contributions to this plan are shared by the Municipality and its employees with both contributing 5% or 6% of base salary. During the year, the Municipality contributed \$229,356 (2022 - \$194,281) to the pension plan.

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**15. Asset retirement obligation**

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

a) Landfill obligation

The liability for the closure of operational sites and post-closure care for the Municipality owned landfill has been recognized under PS 3280 - Asset Retirement Obligation. Landfill closure costs include estimated expenses for capping the cell sites as well as ongoing environmental monitoring and care as calculated for Landfill Cells 1 - 4B using 2022 CBCL and 2016 Dillon reports. The landfill had an estimated 27 year useful life, with nine years remaining. Post closure care is estimated to be required for 25 years from the date of site closure. These costs were discounted using a discount rate of 3% per annum.

Estimated closure and post closure costs as well as landfill capacity are examined annually. The calculated liability is revised annually based on the capacity of the landfill utilized during the year and any revisions for estimated closure and post closure costs. Any changes in the estimates used to calculate the accrued landfill closure and post closure costs, including cost, total capacity and discount rate, could result in a material change to the consolidated financial statements. The factors used in the calculation will be reviewed annual to assess their ongoing appropriateness.

b) Asbestos abatement

Municipal buildings are believed to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. With the adoption of PS 3280 - Asset Retirement Obligation, the Municipality is recognizing a liability, adjusted for inflation and discounted using a rate of 3% per annum. A Hazardous Materials Assessment Report was completed for each of the following municipal buildings: Annex Building; New Ross Family Resource Centre (NRFRC), 4689 NS-12, New Ross, NS; and 34 Harbourview Lane, Chester, NS. The Annex building was established in 1956 and is estimated to have a 103 year life; the NRFRC was established in 1962 and is estimated to have an 96 year useful life; and 34 Harbourview was purchased in 2023 and is expected to be demolished in 2024. The estimated undiscounted future cash values for asbestos and other remediation are \$287,856, \$267,029, and \$46,002 respectively. Asset values are \$13,707, \$21,016 (April 1, 2021) and \$44,360 (March 31, 2023). Opening asset retirement obligations are \$93,618, \$120,213 (April 1, 2021), and \$44,360 (March 31, 2023). Total accretion expense is \$6,607 (2023) and \$6,415 (2022) for a total ending ARO liability balance for municipal buildings of \$271,214 as at March 31, 2023.

d) Wharf removal

The Municipality has wharves, originally built in 1962 and with an expected 86 year life, that will have to be removed at end of life. With the adoption of PS 3280 - Asset Retirement Obligation, the Municipality is recognizing a liability, adjusted for inflation and discounted using a rate of 3% per annum, and based on external contractor and internal assessment. The estimated undiscounted future cash value for meeting the obligation is \$225,835, and with an asset value of \$17,774 depreciated on a straightline basis. The opening asset retirement obligation is valued at \$101,669, with accretion expense \$3,142 (2023) and \$3,050 (2022) for an ending ARO liability balance of \$107,860 as at March 31, 2023.

**Municipality of the District of Chester**  
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**15. Asset retirement obligation (continued)**

e) Wind Turbine retirement

The Municipality has a Wind Turbine that went into service March 2014, with a current contract to operate for twenty years after initial operation, or to 2034. With adoption of PS 3280, the Municipality is recognizing a liability for retiring the Wind Turbine after the twenty years, adjusted for inflation and discounted using a rate of 3% per annum based on external contractor and internal assessment. The estimated undiscounted future cash value for meeting the obligation is \$254,238, with asset value of \$140,765 depreciated on a straightline basis. The opening asset retirement obligation is valued at \$173,123, with accretion expense \$5,350 (2023) and \$5,193 (2022) for an ending ARO liability balance of \$183,667 as at March 31, 2023.

The transition and recognition of asset retirement obligations involved an accompanying increase to the Landfill, Municipal Buildings, Wharves and Wind Turbine capital assets and restatement of prior year numbers.

Asset retirement obligation:					2023	2022
	Landfill Closure	Asbestos Removal	Wharf Removal	Wind Turbine Retirement	Asset Retirement Liability	Asset Retirement Liability
Opening balance	\$ 16,750,150	\$ 220,247	\$ 104,718	\$ 178,317	\$ 17,253,432	\$ 16,750,905
Addition		44,360			44,360	
Accretion expense	502,505	6,607	3,142	5,350	517,604	502,527
Closing balance	\$ 17,252,655	\$ 271,214	\$ 107,860	\$ 183,667	\$ 17,815,396	\$ 17,253,432

**16. Commitments**

Solid Waste - Sales of Services

The Municipality has contractually entered into agreements with the Valley Region Solid Waste Authority for the next 13 years, expiring on March 31, 2036, and with the Town of Lunenburg and the Lunenburg Regional Solid Waste Management Committee for the next 3 years, expiring March 31, 2026, to accept solid waste at its landfill site. Fees charged to Valley Region Solid Waste Authority are a proportionate share of operating costs calculated annually on the basis of tonnes delivered to the site as a percentage of total tonnes accepted from all sources. Fees charged to the Town of Lunenburg and the Lunenburg Regional Solid Waste Management Committee are based on a per tonne charge which is adjusted annually for inflation. The Municipality of the District of Chester collects a host community fee from users based on the number of tonnes delivered to the landfill site.

Solid Waste - Processing of Waste Agreement

In August 2016, the Municipality entered into an agreement with Sustane Chester Inc. to provide Sustane with all municipal solid waste (MSW) for 20 years after construction of their facility on land leased from the Municipality. The Municipality will pay Sustane a base fee per tonne for waste delivered to Sustane's facility. Sustane will separate MSW and convert it into marketable by-products with the goal to reduce MSW going to the landfill (up to 90%), create employment in the region, increase recycling rates and reduce the carbon footprint of the landfill site. Sustane will pay the Municipality a fee per tonne for any residual waste that cannot be processed and must go to the landfill. An estimate of the financial impact on future operations cannot be made at this time. The agreement with Sustane has not yet been triggered.

Waste Collection

In April 2019, the Municipality signed a contract for waste collection services with a 6 year term starting April 2020 and expiring in March 2026. Total payments remaining over the next three years amount to \$2,386,305 plus HST.

**17. Remuneration**

The Municipality is required by legislation to disclose the remuneration paid to each council member and the chief administrative officer.

Councilor	Remuneration	Mileage	Expenses	2023	2022
				Total	Total
Andre Veinotte	23,372	60	2,433	25,866	24,424
Floyd Shatford	26,710	1,201	401	28,312	26,389
Derek Wells	23,372		1,161	24,534	8,051
Allen Webber	51,040	(7)	5,574	56,606	52,000
Abdella Assaff	23,372	483	2,506	26,360	24,340
Tina Connors	23,372	2,609	2,883	28,864	26,713
Sharon Church	23,372	305	3,593	27,271	24,155
Danielle Barkhouse					10,856
<u>Staff</u>					
Daniel McDougall	161,046	1,275	29,949	192,270	180,885
	\$ 355,657	\$ 5,926	\$ 48,500	\$ 410,083	\$ 377,813

Expenses include remuneration benefits (i.e. CPP, group insurance), conferences, meals, accommodations cell phone, and iPad.

**Municipality of the District of Chester**  
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**18. Segmented Information**

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation and Culture Services	2023 Consolidated	2022 Restated Note 2 Consolidated
<b>Revenue</b>								
Taxes	\$ 10,750,120	\$ 362,602	\$ 306,229	\$ 3,244,340	\$ 696,966	\$ -	\$ 15,360,257	\$ 14,032,402
Grants in lieu of taxes	177,681	5,209	-	-	-	-	182,890	188,432
Sales of Services	-	66,594	-	3,939,349	834,569	81,145	4,921,657	4,727,172
Other revenue from own sources	328,059	70,033	7,368	1,065,941	80,112	-	1,551,513	1,467,406
Unconditional transfers from other governments	7,383	-	-	112,531	-	-	119,914	80,848
Conditional transfers from other governments	352,247	4,726	-	-	15,000	35,050	407,023	264,730
Grants for capital projects	590,662	-	-	398,967	-	-	989,629	1,198,641
Interest	1,272,824	2,844	-	-	-	-	1,275,668	388,926
Gain on disposal of capital assets	85,750	-	-	-	-	-	85,750	103,843
	<u>13,564,726</u>	<u>512,008</u>	<u>313,597</u>	<u>8,761,128</u>	<u>1,626,647</u>	<u>116,195</u>	<u>24,894,301</u>	<u>22,452,400</u>
<b>Expenditures</b>								
Salaries and benefits	2,559,882	346,237	21,198	1,149,871	654,552	513,059	5,244,799	4,401,606
Goods and services	1,142,573	2,818,258	1,551,400	2,786,468	587,807	149,194	9,035,700	7,495,207
Gov't transfers & board contributions	431,482	-	-	-	-	-	431,482	417,862
Amortization	206,508	-	203,479	2,525,500	327,338	76,341	3,339,166	2,844,384
Interest	69	-	1,038	108,338	59,303	-	168,748	183,452
Accretion	9,749	-	-	502,505	5,350	-	517,604	502,527
Other	879,725	-	-	-	62,050	137,955	1,079,730	742,778
	<u>5,229,988</u>	<u>3,164,495</u>	<u>1,777,115</u>	<u>7,072,682</u>	<u>1,696,400</u>	<u>876,549</u>	<u>19,817,229</u>	<u>16,587,816</u>
<b>Annual surplus (deficit)</b>	<u>\$ 8,334,738</u>	<u>\$ (2,652,487)</u>	<u>\$ (1,463,518)</u>	<u>\$ 1,688,446</u>	<u>\$ (69,753)</u>	<u>\$ (760,354)</u>	<u>\$ 5,077,072</u>	<u>\$ 5,864,584</u>

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**Municipality of the District of Chester**  
**Notes to the Consolidated Financial Statements**  
March 31, 2023

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**18. Segmented Information (continued)**

The Municipality is a diversified municipal unit that provides a wide range of services to its citizens. For management reporting purposes the Municipality'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 activity is reported in these funds. The services provided by these departments are as follows.

General government services

This department is responsible for the overall financial and local government administration. Its tasks include tax billings and payments, accounts payable and receivables, budgets and financial statements, the Municipal Government Act, administration and maintenance of bylaws and change of address.

Protective services

This department is responsible for overseeing police and legal services, animal control, fire protection issuing building permits and fire safety inspections.

Transportation services

This department is responsible for the development and maintenance of roads, sidewalks and street lighting.

Environmental health services

This department is responsible for the maintenance and operations of waste and sewer services provided to residents and other customers. Its tasks include waste collection, recycling, composting and sewer hook-up.

Environmental development services

This department is responsible for planning and development within the municipality. Its tasks include operations of the wind turbine, issuing development permits, developing strategies, economic development and planning reports.

Recreational and cultural services

This department is responsible for promoting and offering recreation opportunities and activities to the Municipality's residents.

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**19. Contingency**

The Municipality is required to comply with environmental permit directives for two waste water treatment plants. As a result the Municipality was required to complete upgrades to these waste water treatment system by December 31, 2020. As of the date of these financial statements, no remediation work had begun, as an assessment of options was required. Remediation work is expected to be completed in 2024 and 2025. No contingent liability is considered necessary.

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**20. Budgeted figures**

Public Sector Accounting Standards ("PSAS") require a comparison of the results for the period with those originally planned on the same basis as that used for the actual results. The fiscal plan presented in the Consolidated statements of operations and changes in net financial assets has been adjusted to be presented on a basis consistent with the actual results. A reconciliation of the approved and reported budget is set out below:

	<u>Budget</u>
Approved budget - annual surplus (deficit)	\$ -
Amortization of tangible capital assets	(3,339,166)
Transfers to (from) other funds	3,812,372
Transfer from own accumulated surplus	(267,863)
Principle payments on debt	924,994
Annual surplus per consolidated financial statements	<u>\$ 1,130,337</u>

**Municipality of the District of Chester**  
**Notes to the Consolidated Financial Statements**

March 31, 2023

**21. Accumulated surplus**

	<u>Operating</u>	<u>Capital</u>	<u>Reserves</u>	<u>2023</u>	<u>2022</u> Restated Note 2
Accumulated surplus, beginning of the year	\$ (5,594,797)	\$ 21,713,442	\$ 26,066,894	\$ 42,185,539	\$ 40,033,847
<b>Financial activities</b>					
<u>Revenue (fund transfer):</u>					
Interest revenue	150,871	342,777	782,020	1,275,668	388,926
Gain on disposal of assets	-	85,750	-	85,750	103,843
Other revenue	23,474,447	30,275	28,161	23,532,883	21,959,631
Transfers between funds	(6,727,434)	3,805,547	2,921,886	-	-
	<u>16,897,884</u>	<u>4,264,350</u>	<u>3,732,067</u>	<u>24,894,301</u>	<u>22,452,400</u>
<u>Expenditures</u>					
Repayment of debt principal	924,994	-	-	924,994	1,063,877
Other expenditures (excluding amortization)	15,960,397	-	62	15,960,459	13,240,905
	<u>16,885,391</u>	<u>-</u>	<u>62</u>	<u>16,885,453</u>	<u>14,304,782</u>
Annual surplus before PSA adjustments	<u>12,493</u>	<u>4,264,350</u>	<u>3,732,005</u>	<u>8,008,848</u>	<u>8,147,618</u>
<u>Public sector accounting (PSA) standards adjustments:</u>					
Eliminate (add) expenses to comply with PSA standards					
Amortization of capital assets	-	(3,339,166)	-	(3,339,166)	(2,844,384)
Accretion	-	(517,604)	-	(517,604)	(502,527)
Repayment of debt principal	-	924,994	-	924,994	1,063,877
	<u>-</u>	<u>(2,931,776)</u>	<u>-</u>	<u>(2,931,776)</u>	<u>(2,283,034)</u>
Annual surplus (deficit)	<u>12,493</u>	<u>1,332,574</u>	<u>3,732,005</u>	<u>5,077,072</u>	<u>5,864,584</u>
Adjustment on the adoption of the asset retirement obligation standard (note 2)		-		-	(3,712,891)
<b>Accumulated Surplus, end of the year</b>	<b>\$ (5,582,304)</b>	<b>\$ 23,046,017</b>	<b>\$ 29,798,899</b>	<b>\$ 47,262,612</b>	<b>\$ 42,185,539</b>
<b>Financial position</b>					
Cash	\$ 2,055,968	\$ 314,899	\$ 28,393,089	\$ 30,763,956	\$ 38,487,055
Receivables	3,944,151	265,545	-	4,209,696	2,701,151
Long Term Investments	-	10,000,000	-	10,000,000	-
Due from (to) own funds	(7,010,329)	5,604,519	1,405,810	-	-
	<u>(1,010,211)</u>	<u>16,184,964</u>	<u>29,798,899</u>	<u>44,973,652</u>	<u>41,188,206</u>
Other liabilities (payables and accruals)	3,382,474	31,250	-	3,413,724	3,687,258
Deferred revenue	1,351,727	16,700	-	1,368,427	778,026
Asset Retirement Obligation		17,815,396		17,815,396	17,253,433
Long term debt	-	5,391,686	-	5,391,686	5,721,324
	<u>4,734,201</u>	<u>23,255,032</u>	<u>-</u>	<u>27,989,233</u>	<u>27,440,041</u>
Net financial assets	(5,744,412)	(7,070,068)	29,798,899	16,984,419	13,748,165
Non-financial assets	162,108	30,116,085	-	30,278,193	28,437,374
<b>Accumulated surplus</b>	<b>\$ (5,582,304)</b>	<b>\$ 23,046,017</b>	<b>\$ 29,798,899</b>	<b>\$ 47,262,612</b>	<b>\$ 42,185,539</b>

**Municipality of the District of Chester**  
**Schedules to Consolidated Statement of Operations**

(Unaudited)

Year Ended March 31

	<b>2023</b>		2022
	<u>Budget</u>	<u>Actual</u>	Restated Note 2 <u>Actual</u>
<b>REVENUE</b>			
<b>Taxes</b>			
Residential assessable property	\$ 11,942,698	\$ <b>11,940,103</b>	\$ 10,924,672
Commercial based taxable assessments	<u>1,517,797</u>	<u><b>1,502,056</b></u>	<u>1,443,748</u>
Resource			
Taxable assessments	339,899	<b>330,681</b>	315,518
Non-profit acreage	5,471	<b>5,728</b>	5,471
Forest property tax (less than 50,000 acres)	26,940	<b>26,955</b>	27,135
Forest property tax (50,000 acres or more)	<u>8,062</u>	<u><b>8,062</b></u>	<u>8,062</u>
	<u>380,372</u>	<u><b>371,426</b></u>	<u>356,186</u>
Area rates			
Protective services	364,119	<b>362,602</b>	335,606
Transportation services	291,307	<b>306,229</b>	275,219
Environmental Health services	<u>3,225,916</u>	<u><b>3,244,340</b></u>	<u>3,014,087</u>
	<u>3,881,342</u>	<u><b>3,913,171</b></u>	<u>3,624,912</u>
Business property			
Based on revenue (Aliant)	47,194	<b>44,352</b>	45,304
NS Power HST rebate	<u>51,895</u>	<u><b>53,614</b></u>	<u>45,951</u>
	<u>99,089</u>	<u><b>97,966</b></u>	<u>91,255</u>
Deed Transfer tax	<u>1,790,000</u>	<u><b>2,427,161</b></u>	<u>2,364,892</u>
Wind Farm Developer tax	<u>696,930</u>	<u><b>696,966</b></u>	<u>690,030</u>
Transfers and collections for other governments			
Collection - other governments	1,915,543	<b>1,924,780</b>	1,758,135
Transfers to local fire commissions	<u>(1,915,543)</u>	<u><b>(1,935,581)</b></u>	<u>(1,768,829)</u>
	<u>-</u>	<u><b>(10,801)</b></u>	<u>(10,693)</u>
	<u>20,308,228</u>	<u><b>20,938,048</b></u>	<u>19,485,002</u>
Education mandatory contribution (Note 4)	(5,306,924)	<b>(5,306,924)</b>	(5,204,374)
Correction services (Note 4)	(233,337)	<b>(233,869)</b>	(233,337)
Regional Housing Authority (Note 3)	<u>(30,900)</u>	<u><b>(36,998)</b></u>	<u>(14,889)</u>
	<u>(5,571,161)</u>	<u><b>(5,577,791)</b></u>	<u>(5,452,600)</u>
	<u>\$ 14,737,067</u>	<u>\$ <b>15,360,257</b></u>	<u>\$ 14,032,402</u>

See accompanying notes and schedules to the consolidated financial statements.



**Municipality of the District of Chester**  
**Schedules to Consolidated Statement of Operations**

(Unaudited)

Year Ended March 31

	<b>2023</b>		2022
	<u>Budget</u>	<u>Actual</u>	Restated Note 2 <u>Actual</u>
<b>Grants in lieu of taxes</b>			
Federal government	\$ 48,970	\$ <b>49,020</b>	\$ 58,858
Provincial government			
Real property	59,568	<b>58,799</b>	57,665
Crown timberland	32,574	<b>32,561</b>	32,574
Fire protection	5,209	<b>5,209</b>	5,158
Conservation	7,000	<b>12,879</b>	11,585
	<u>153,320</u>	<u><b>158,468</b></u>	<u>165,840</u>
Provincial government agencies			
NS Power Incorporated	22,592	<b>24,422</b>	22,592
	<u>\$ 175,912</u>	<u>\$ <b>182,890</b></u>	<u>\$ 188,432</u>
<b>Sales of services</b>			
Animal control fees - other local govt	\$ 36,000	\$ <b>39,529</b>	\$ 39,317
Waste Collection fees - other local governments	2,830,066	<b>3,418,757</b>	3,749,309
Waste Collection fees - surplus repayment	-	<b>520,594</b>	(5,219)
Planning services - other local governments	59,213	<b>52,048</b>	49,999
Building/fire inspection services - other local gov't	27,631	<b>24,288</b>	63,079
Recreation and cultural services	86,950	<b>68,202</b>	47,396
FHCS	20,800	<b>12,942</b>	6,341
REMO - other local governments	5,003	<b>2,777</b>	2,668
Wind Energy	762,500	<b>782,520</b>	774,282
	<u>\$ 3,828,163</u>	<u>\$ <b>4,921,657</b></u>	<u>\$ 4,727,172</u>
<b>Other revenue from own sources</b>			
Administrative services	\$ 348,004	\$ <b>328,059</b>	\$ 439,592
Transportation services	6,019	<b>7,368</b>	12,589
Building inspection services	40,000	<b>67,557</b>	66,805
Animal control services	1,925	<b>2,476</b>	1,620
Sewer hookup services	500	-	2,479
Solid waste & disposal services	767,336	<b>1,065,940</b>	773,615
Planning services	22,920	<b>41,610</b>	132,412
Industrial park services	25,000	<b>38,503</b>	38,294
	<u>\$ 1,211,703</u>	<u>\$ <b>1,551,513</b></u>	<u>\$ 1,467,406</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Chester**  
**Schedules to Consolidated Statement of Operations**

(Unaudited)

Year Ended March 31

	<b>2023</b>		2022
	<u>Budget</u>	<u>Actual</u>	Restated Note 2
			<u>Actual</u>
<b>Unconditional transfers from</b>			
<b>Federal and Provincial governments and agencies</b>			
Provincial government			
Service Nova Scotia			
Assessment Act - farm acreage	\$ 7,145	\$ 7,383	\$ 7,145
Recycling projects	92,810	112,531	73,703
	<u>\$ 99,955</u>	<u>\$ 119,914</u>	<u>\$ 80,848</u>
<b>Conditional transfers from Federal</b>			
<b>and Provincial governments and agencies</b>			
Federal government			
Employment grants	\$ 3,000	\$ 11,222	\$ 18,675
Infrastructure grant	\$ -	\$ 305,152	\$ (10,104)
Provincial government			
Emergency measures	5,479	4,726	4,726
Economic development	-	19,200	-
Recreation	32,000	35,050	51,500
Safe Start	-	25,173	199,133
Other agencies	4,000	6,500	800
	<u>\$ 44,479</u>	<u>\$ 407,023</u>	<u>\$ 264,730</u>
<b>Grants for Capital Projects</b>			
Gas tax grant	599,418	590,662	1,198,641
Provincial grants	-	398,967	-
	<u>\$ 599,418</u>	<u>\$ 989,629</u>	<u>\$ 1,198,641</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Chester**  
**Schedules to Consolidated Statement of Operations**

(Unaudited)

Year Ended March 31

	2023	2023	2022
<b>EXPENDITURES</b>	<u>Budget</u>	<u>Actual</u>	Restated Note 2 <u>Actual</u>
<b>General government services</b>			
Legislative			
Council/committee remuneration	\$ 204,534	\$ 200,671	\$ 187,141
Administrative expenses	119,991	62,755	105,534
Grants to organizations	609,000	535,805	203,398
Elections	-	-	9,618
	<u>933,525</u>	<u>799,231</u>	<u>505,691</u>
CAO/Clerk administrative			
Administration salaries and benefits	736,860	815,435	657,123
Administrative expenses	458,290	213,866	156,815
Town crier	500	-	454
Surveys/appraisals	2,000	-	-
Newsletter/promotions	20,000	7,316	7,401
Joint occupational health and safety	44,000	9,941	67,550
Health & wellness	22,000	4,950	4,283
	<u>1,283,650</u>	<u>1,051,508</u>	<u>893,626</u>
Finance/property tax administrative			
Administration salaries and benefits	618,904	606,679	493,883
Administrative expenses	214,302	184,883	187,427
Auditor services	40,000	55,498	39,833
Property tax administration	379,860	371,939	347,982
	<u>1,253,066</u>	<u>1,218,999</u>	<u>1,069,125</u>
Information services administrative			
Administration salaries and benefits	395,506	340,474	293,541
Administrative expenses	219,110	196,384	197,192
Debenture interest and discounts	278	69	924
	<u>614,894</u>	<u>536,927</u>	<u>491,657</u>
Municipal property services			
Salaries and benefits and benefits	274,560	288,133	201,531
Administrative expenses	66,263	62,188	56,889
Property services	312,000	227,166	210,181
Wharves	7,500	15,150	4,423
Community Development	12,000	535	2,763
	<u>672,323</u>	<u>593,172</u>	<u>475,787</u>
Public works general			
Salaries and benefits	247,595	289,096	236,139
Administrative expenses	69,166	64,511	135,731
Special Projects	53,853	28,805	31,209
	<u>370,613</u>	<u>382,412</u>	<u>403,079</u>
Other general government services			
Assessment recovery costs	345,781	345,781	349,827
Regional library	85,700	85,700	68,035
Amortization	-	206,508	144,454
Accretion	-	9,749	9,465
	<u>431,481</u>	<u>647,738</u>	<u>571,781</u>
	<u>\$ 5,559,552</u>	<u>\$ 5,229,988</u>	<u>\$ 4,410,746</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Chester**  
**Schedules to Consolidated Statement of Operations**

(Unaudited)

Year Ended March 31

	2023	2023	2022
			Restated Note 2
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Protective services</b>			
Police services	\$ 2,206,780	\$ 2,200,063	\$ 1,983,041
Legal prosecution services	5,000	4,419	1,200
By-law enforcement	69,391	64,400	38,805
Animal control	76,629	70,153	70,564
Emergency measures	62,070	79,931	49,840
	<u>2,419,870</u>	<u>2,418,965</u>	<u>2,143,450</u>
Fire services			
Fire coordinator/advisory	219,275	85,800	91,818
Fire protection agreement	306,360	339,231	312,232
Fire rescue boat	9,599	10,788	10,654
	<u>535,234</u>	<u>435,819</u>	<u>414,704</u>
Building/fire inspections			
Salaries and benefits	234,992	233,904	188,617
Administrative expenses	96,871	75,807	76,409
Amortization	-	-	11,552
	<u>331,863</u>	<u>309,711</u>	<u>276,578</u>
	<u>\$ 3,286,968</u>	<u>\$ 3,164,495</u>	<u>\$ 2,834,733</u>
<b>Transportation services</b>			
Road transport			
Administration	\$ 40,719	\$ 27,129	\$ 22,625
Road and sidewalk maintenance	547,605	1,414,625	477,629
Street lighting	125,703	130,844	114,544
Debenture interest	1,368	1,038	1,911
Amortization	-	203,479	240,397
	<u>\$ 715,395</u>	<u>\$ 1,777,115</u>	<u>\$ 857,106</u>
<b>Environmental health services</b>			
Sewage collection and disposal	\$ 822,467	\$ 665,813	\$ 895,595
Waste collection and disposal	2,991,194	3,201,986	2,699,658
Recycling project	78,588	68,540	51,892
Debenture interest	161,376	108,338	114,275
Amortization	-	2,525,500	2,027,891
Accretion	-	502,505	487,868
	<u>\$ 4,053,625</u>	<u>\$ 7,072,682</u>	<u>\$ 6,277,179</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Chester**  
**Schedules to Consolidated Statement of Operations**

(Unaudited)

Year Ended March 31

	2023	2023	2022
			Restated Note 2
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Environmental development services</b>			
Planning and zoning	\$ 675,212	\$ 609,224	\$ 499,265
Economic Development	379,534	269,356	213,417
Tourism development	105,555	91,421	21,947
Regional economic network	-	-	-
Wind Turbine	161,841	162,009	148,565
Debenture interest	61,555	59,303	66,342
Amortization	-	327,338	327,338
Accretion		5,350	5,194
	<u>\$ 1,658,597</u>	<u>\$ 1,696,400</u>	<u>\$ 1,303,713</u>
<b>Recreational and cultural services</b>			
Administration	\$ 809,307	\$ 629,514	\$ 742,824
Program expenses	39,700	44,698	47,410
Church Memorial Park	75,000	75,000	-
Heritage properties	500	-	-
Forest Heights Community School	21,300	18,028	10,898
New Ross Community School	3,000	6,247	727
After school programs	28,250	26,721	9,727
Amortization	76,341	76,341	92,753
	<u>\$ 1,053,398</u>	<u>\$ 876,549</u>	<u>\$ 904,339</u>

See accompanying notes and schedules to the consolidated financial statements.