

**Municipality of the District of
St. Mary's
Consolidated Financial Statements**

March 31, 2022

To the Warden and Council of Municipality of the District of St. Mary's:

Opinion

We have audited the consolidated financial statements of Municipality of the District of St. Mary's and its subsidiaries (the "Municipality"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations changes 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 consolidated financial position of the Municipality as at March 31, 2022, and the results of its consolidated operations, changes in its net financial assets and its 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 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Sydney, Nova Scotia
September 12, 2022

MNP LLP
Chartered Professional Accountants

MNP

Municipality of the District of St. Mary's
Consolidated Financial Statements

For the year ended March 31, 2022

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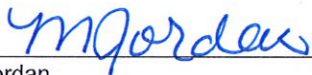
Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Municipality of the District of St. Mary's (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. 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.

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 MNP LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Marissa Jordan
Chief Administrative Officer

**Municipality of the District of St. Mary's
Consolidated Statement of Financial Position**

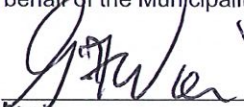
As at March 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash (note 2)	\$ 2,364,097	\$ 1,838,327
Restricted cash (note 2)	360,180	242,454
Taxes receivable (note 3)	176,617	217,234
Other accounts receivable	346,875	415,151
	3,247,769	2,713,166
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	298,458	201,621
Accrued interest on long-term debt	-	6,048
Tax sale surplus	360,180	242,454
Deferred revenue	87,615	12,327
Long-term debt (note 4)	509,027	658,100
	1,255,280	1,120,550
NET FINANCIAL ASSETS	1,992,489	1,592,616
NON-FINANCIAL ASSETS		
Properties acquired at tax sale	21,299	21,299
Tangible capital assets (note 5)	5,766,258	5,918,962
Inventory, prepaid expenses and other	10,933	37,368
	5,798,490	5,977,629
ACCUMULATED SURPLUS (note 6)	\$ 7,790,979	\$ 7,570,245

Commitment (note 8)

See accompanying notes to consolidated financial statements.

On behalf of the Municipality of the District of St. Mary's:



Warden



Chief Administrative Officer

Municipality of the District of St. Mary's
Consolidated Statement of Operations

For the year ended March 31, 2022

	Budget (Unaudited)	2022	2021
REVENUES			
Taxes	\$ 1,965,011	\$ 2,115,118	\$ 2,000,608
Grants in lieu of taxes	158,765	160,022	161,269
Revenue from own sources	150,009	146,639	167,958
Conditional transfers from other governments	26,300	1,206	104,271
Unconditional transfers from other governments	189,385	369,671	192,972
Capital grants	-	-	182,543
Gas tax revenue	277,540	283,017	138,770
Water utility revenue	147,000	152,445	152,669
	<u>2,914,010</u>	<u>3,228,118</u>	<u>3,101,060</u>
EXPENSES			
General government services	769,622	862,306	882,037
Protective services	598,061	604,600	575,560
Transportation services	94,000	121,901	94,805
Environmental health services	615,620	744,213	666,283
Environmental development services	97,700	97,943	94,625
Recreation and cultural services	314,467	404,155	306,401
Water utility expense	132,927	172,266	168,904
	<u>2,622,397</u>	<u>3,007,384</u>	<u>2,788,615</u>
ANNUAL SURPLUS	291,613	220,734	312,445
ACCUMULATED SURPLUS, BEGINNING OF YEAR	7,570,245	7,570,245	7,257,800
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 7,861,858</u>	<u>\$ 7,790,979</u>	<u>\$ 7,570,245</u>

See accompanying notes to consolidated financial statements.

Municipality of the District of St. Mary's
Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2022

	Budget (Unaudited)	2022	2021
ANNUAL SURPLUS	\$ 291,613	\$ 220,734	\$ 312,445
Other non-financial assets			
Amortization of tangible capital assets	–	214,382	206,522
Additions to tangible capital assets	–	(61,678)	(305,590)
Decrease in inventory, prepaid expenses and other	–	26,435	81,447
INCREASE IN NET FINANCIAL ASSETS	291,613	399,873	294,824
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,592,616	1,592,616	1,297,792
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,884,229	\$ 1,992,489	\$ 1,592,616

See accompanying notes to consolidated financial statements.

Municipality of the District of St. Mary's
Consolidated Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 220,734	\$ 312,445
Items not involving cash		
Amortization of tangible capital assets	214,382	206,522
Change in non-cash items		
Decrease in taxes receivable	40,617	27,456
Decrease (increase) in other accounts receivable	68,276	(99,499)
Increase (decrease) in accounts payable and accrued liabilities	96,837	(38,699)
Decrease in accrued interest on long-term debt	(6,048)	(2,604)
Increase in tax sale surplus	117,726	-
Increase (decrease) in deferred revenue	75,288	(46,317)
Decrease (increase) in inventory, prepaid expenses and other	26,435	81,447
	854,247	440,751
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on long-term debt	(149,073)	(149,073)
CASH FLOWS FROM CAPITAL ACTIVITIES		
Additions to tangible capital assets	(61,678)	(305,590)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	643,496	(13,912)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,080,781	2,094,693
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,724,277	\$ 2,080,781
Cash and cash equivalents consist of the following:		
Cash	\$ 2,364,097	\$ 1,838,327
Restricted cash	360,180	242,454
	\$ 2,724,277	\$ 2,080,781

See accompanying notes to consolidated financial statements.

Municipality of the District of St. Mary's Notes to Consolidated Financial Statements

For the year ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements of Municipality of the District of St. Mary's (the "Municipality") have been prepared, in all material respects, in accordance with Canadian public sector accounting standards.

(b) Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenue, expenses and changes in fund balances of all resources of the Municipality. The Municipality is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and that are owned or controlled by the Municipality. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included are as follows:

- General Operating and Capital Funds
- Water Operating and Capital Funds
- Reserve Funds

(c) School boards

The assets, liabilities, taxation and other revenue and expenses with respect to the operations of the school boards are not reflected in these consolidated financial statements as they are provincial government entities.

School boards in Nova Scotia were created by the Province under provisions in the Education Act, and, under provincial statute, every Municipality is required to make a mandatory contribution to its school board. The mandatory contribution is set at the value of the Education Rate, set by the Province each year, multiplied by the previous year's Uniform Assessment

(d) Fund accounting

The resources and operations of the Municipality are comprised of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. Supporting schedules to the consolidated financial statements are included to show the financial activities and change in the balance of each fund.

(e) Basis of accounting

Revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Municipality of the District of St. Mary's Notes to Consolidated Financial Statements

For the year ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand and on deposit at banks net of any outstanding cheques or deposits.

(g) Short-term investments

Short-term investments are recorded at the lower of cost and net realizable value. A permanent decline in value would result in a write down.

(h) Tangible capital assets

Tangible capital assets are reported in the statement of financial position at cost net of accumulated amortization. They are amortized on a straight-line basis over their estimated useful lives at the following rates:

	Basis	Rate
Buildings	Straight-line	40 years
Equipment	Straight-line	5 - 10 years
Transfer station	Straight-line	20 years
Sewer collection and disposal	Straight-line	50 years
Water system	Straight-line	75 years
Water treatment plant	Straight-line	50 years

A full year's amortization is taken in the year of acquisition.

(i) Government transfers

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.

(j) Deferred revenue

Deferred revenue represents user charges, prepayment of taxes, and other fees that have been collected, for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(k) Reserve funds

Certain amounts, as approved by Council of the Municipality, are set aside in reserve funds for future operating and capital purposes. Transfers to and or from reserves funds are an adjustment to the respective fund when approved.

Municipality of the District of St. Mary's Notes to Consolidated Financial Statements

For the year ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Taxation and related revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Property Valuation Services Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and the requisition made by the Province in respect of education taxes and other mandatory contributions. Taxation revenues are recorded at the time tax billings are due. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known. An allowance for unresolved assessment appeals is also provided.

(m) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingencies and the reported amounts of revenue and expenses in the consolidated financial statements and accompanying notes. Significant items subject to management's estimate and assumptions include the valuation of receivables and carrying amount of tangible capital assets. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. CASH

	2022	2021
Cash		
General operating fund	\$ 2,071,571	\$ 1,686,496
Water capital fund	93,275	73,275
Water operating fund	44,779	44,832
Gas tax reserve fund	154,472	33,724
	2,364,097	1,838,327
Restricted cash		
Tax sale surplus	360,180	242,454
	\$ 2,724,277	\$ 2,080,781

Municipality of the District of St. Mary's
Notes to Consolidated Financial Statements

For the year ended March 31, 2022

3. TAXES RECEIVABLE

	2022	2021
Balance, beginning of year	\$ 217,234	\$ 367,141
Current year's levy of property taxes	2,148,639	2,128,942
Subtotal	2,365,873	2,496,083
Less		
Current year's collections	2,072,472	2,148,520
Bad debts and reduced taxes	11,662	35,848
	2,084,134	2,184,368
Gross taxes receivable, end of year	281,739	311,715
Less		
Allowance for uncollectible taxes	105,122	94,481
Taxes receivable, net	\$ 176,617	\$ 217,234

4. LONG-TERM DEBT

	2022	2021
Municipal Finance Corporation, repayable in annual principal payments of \$125,000, plus interest at 1.33% to 2.98% maturing in 2023	\$ 250,000	\$ 375,000
Municipal Finance Corporation, repayable in annual principal payments of \$10,000, plus interest at 2.05% to 2.88% maturing in 2023	19,786	29,786
Municipal Finance Corporation, repayable in annual principal payments of \$14,073, plus interest at 0% to 3.55% maturing in 2033	239,241	253,314
	\$ 509,027	\$ 658,100

Principal payments required in each of the next five years on debt held as of March 31, 2022 are as follows:

2023	\$ 149,073	
2024		149,073
2025		14,073
2026		14,073
2027		14,073

Municipality of the District of St. Mary's
Notes to Consolidated Financial Statements

For the year ended March 31, 2022

5. TANGIBLE CAPITAL ASSETS

	2022		2021	
Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Land	\$ 99,196	\$ —	\$ 99,196	\$ 99,196
Lighthouse	133,600	—	133,600	133,600
Buildings	2,033,134	492,784	1,540,350	1,591,177
Rink complex	1,499,280	731,325	767,955	842,389
Equipment	351,746	293,991	57,755	84,628
Sewer collection and disposal	1,634,736	981,441	653,295	674,669
Transfer station	525,275	525,275	—	—
Paving and sidewalks	37,341	467	36,874	—
Water utility assets	2,832,762	355,529	2,477,233	2,493,303
	\$ 9,147,070	\$ 3,380,812	\$ 5,766,258	\$ 5,918,962

6. ACCUMULATED SURPLUS

	2022		2021	
Water operating fund		\$ (88,307)		\$ (78,663)
Capital funds		5,355,369		5,357,030
		5,267,062		5,278,367
Operating reserve fund		1,741,192		1,736,192
Capital reserve fund		627,738		521,417
Gas tax reserve fund		154,987		34,269
		2,523,917		2,291,878
		\$ 7,790,979		\$ 7,570,245

7. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair value of the Municipality's financial instruments that are comprised of cash, taxes receivable, other accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

The fair value of long-term debt is based on rates currently available to the Municipality with similar terms and maturities and approximates its carrying value.

Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Municipality of the District of St. Mary's
Notes to Consolidated Financial Statements

For the year ended March 31, 2022

8. TRANSFERS TO BOARDS AND COMMISSIONS

The Municipality of the District of St. Mary's is required to share in financing the operations of various Boards and Commissions. In addition to any budgeted contributions, the Municipality shares in the deficits or surpluses of these Boards based on their sharing percentages. The Municipality's share of the deficit is to be paid in the next fiscal year, while a surplus is to be taken into the next year's estimates.

	2022 Contribution	2021 Contribution
Eastern Mainland Housing Authority	\$ 12,000	\$ 9,911
Eastern Counties Regional Library	15,617	16,927

Municipality of the District of St. Mary's
Schedule of Remuneration and Expenses of Members of Council and Chief
Administrative Officer

For the year ended March 31, 2022

Name	Title	Remuneration	Expenses
Greg Wier	Warden	\$ 21,342	\$ 2,263
James Fuller	Deputy Warden	18,971	1,549
Courtney Mailman	Councillor	13,043	407
Charlene Zinck	Councillor	13,043	577
Beulah Malloy	Councillor	13,043	1,063
Everett Baker	Councillor	13,043	-
James Harpell	Councillor	13,043	1,023
Marvin MacDonald	Chief Administrative Officer	42,490	30
David Hutten	Chief Administrative Officer	36,507	58
Marissa Jordan	Chief Administrative Officer	16,610	-

Municipality of the District of St. Mary's
Schedule of Segment Disclosure
For the year ended March 31, 2022

Segment reporting is designed to assist users in identifying the resources allocated to support the major activities of the Municipality and to better understand the performance of segments.

The following schedule provides segment information for the 2022 fiscal year. Segment results represent the activities of that segment and are based on the same accounting policies as described in the Significant Accounting Policies as described in Note 1. The Municipality has determined that the following segments represent the major activities of government.

Year ended March 31, 2022	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Recreation and Cultural Services	Environmental Development Services	Water Utility	Total
REVENUES								
Taxation	\$ 1,765,243	\$ -	\$ 66,918	\$ 282,957	\$ -	\$ -	\$ -	\$ 2,115,118
Grants in lieu of taxes	160,022	-	-	-	-	-	-	160,022
Revenue from own sources	118,144	-	-	-	28,495	-	-	146,639
Conditional transfers from other governments	1,206	-	-	-	-	-	-	1,206
Unconditional transfers from other governments	364,671	-	-	-	-	-	5,000	369,671
Capital grants	-	-	-	-	-	-	-	-
Gas tax revenue	283,017	-	-	-	-	-	-	283,017
Water utility revenue	-	-	-	-	-	-	152,445	152,445
	2,692,303	-	66,918	282,957	28,495	-	157,445	3,228,118
EXPENSES								
Salaries, wages and benefits	388,540	23,534	-	208,675	134,588	42,389	41,360	839,086
Contracted services	92,653	-	-	-	-	-	-	92,653
Purchased goods from public sector	-	518,895	-	-	-	-	-	518,895
External transfers and grants	-	48,614	-	-	-	-	-	48,614
Interest on long-term debt	8,891	-	-	-	-	-	-	8,891
Other operating expenses	295,146	13,557	121,550	502,965	194,043	55,554	101,707	1,284,512
Amortization	77,076	-	-	32,583	75,524	-	29,199	214,382
	862,306	604,600	121,550	744,213	404,155	97,943	172,266	3,007,033
ANNUAL SURPLUS (DEFICIT)	\$ 1,829,997	\$ (604,600)	\$ (54,632)	\$ (461,256)	\$ (375,660)	\$ (97,943)	\$ (14,821)	\$ 221,085

Year ended March 31, 2021	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Recreation and Cultural Services	Environmental Development Services	Water Utility	Total
REVENUES								
Taxation	\$ 1,659,153	\$ -	\$ 65,047	\$ 276,408	\$ -	\$ -	\$ -	\$ 2,000,608
Grants in lieu of taxes	161,289	-	-	-	-	-	-	161,289
Revenue from own sources	129,272	-	-	-	38,686	-	-	167,958
Conditional transfers from other governments	88,627	-	-	15,644	-	-	-	104,271
Unconditional transfers from other governments	192,972	-	-	-	-	-	-	192,972
Capital grants	19,803	-	-	132,140	30,600	-	-	182,543
Gas tax revenue	138,770	-	-	-	-	-	-	138,770
Water utility revenue	-	-	-	-	-	-	152,669	152,669
	2,389,866	-	65,047	424,192	69,286	-	152,669	3,101,060
EXPENSES								
Salaries, wages and benefits	390,952	15,864	-	140,299	129,851	31,055	41,303	749,324
Contracted services	93,358	-	-	-	-	-	-	93,358
Purchased goods from public sector	-	493,112	-	-	-	-	-	493,112
External transfers and grants	-	55,926	-	-	-	-	-	55,926
Interest on long-term debt	12,078	-	-	-	-	-	-	12,078
Other operating expenses	312,308	10,658	94,805	497,289	101,263	63,570	98,402	1,178,295
Amortization	73,941	-	-	28,695	75,287	-	29,199	206,922
	882,037	575,560	94,805	666,283	306,401	94,625	168,904	2,788,615
ANNUAL SURPLUS (DEFICIT)	\$ 1,507,829	\$ (575,560)	\$ (29,758)	\$ (242,091)	\$ (237,115)	\$ (94,625)	\$ (16,235)	\$ 312,445