

Consolidated financial statements

Municipality of the County of Colchester

March 31, 2021

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Management's responsibility for financial reporting

The accompanying consolidated financial statements of the Municipality of the County of Colchester are the responsibility of management and have been approved by the Mayor and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Chartered Professional Accountants of Canada and as such include amounts that are best estimates and judgements of management.

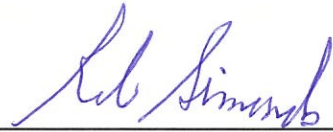
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Mayor and Council meet periodically with management, as well as with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external independent auditor's report.

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 County of Colchester 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 County of Colchester



Chief Administrative Officer



Director of Corporate Services

September 16, 2021

Independent auditor's report

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To the Mayor and Members of Council of the Municipality of the County of Colchester

Opinion

We have audited the consolidated financial statements of Municipality of the County of Colchester ("the Entity") on pages 4-39, which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and surplus, changes in net financial assets (debt) and cash flow 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 County of Colchester as at March 31, 2021, and its results of operations, its changes in its net debt, 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 Entity 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 Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 40-43 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of consolidated financial statements 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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 Entity and the organizations it controls 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.



Truro, Canada
September 16, 2021

Chartered Professional Accountants

The Municipality of the County of Colchester

Consolidated statement of operations and surplus

Year ended March 31	2021 Budget	2021 Actual	2020 Actual
	(Note 16)		
Revenues			
Taxes (Page 29)	\$ 27,454,753	\$ 28,170,557	\$ 27,012,704
Grants in lieu of taxes (Page 30)	1,220,753	1,218,738	1,212,775
Services to other governments (Page 30)	628,300	658,675	724,261
Sale of services (Page 30)	1,184,300	990,307	1,145,223
Water fire protection (Page 30)	208,358	207,883	199,305
Other revenue from own sources (Page 31)	7,497,853	5,950,631	6,564,152
Unconditional transfers from other governments (Page 31)	562,442	563,187	558,287
Conditional transfers from other governments (Page 31)	994,933	1,669,858	1,005,192
Other revenue (Page 32)	3,435,039	3,942,157	1,564,930
Capital revenue	1,108,333	885,025	471,054
Interest and other revenue	-	195,123	501,545
Total revenues	<u>44,295,064</u>	<u>44,452,141</u>	<u>40,959,428</u>
Expenses			
General government services (Page 32)	5,972,630	3,074,103	6,082,924
Protective services (Page 33)	9,978,660	9,664,382	9,491,723
Transportation services (Page 33)	3,006,960	3,088,778	3,000,662
Environmental health services (Page 34)	15,055,740	13,143,354	14,157,700
Public health services (Page 34)	139,299	133,396	123,685
Environmental development services (Page 34)	1,424,103	1,636,678	2,402,201
Recreation and cultural services (Page 35)	5,426,025	4,491,012	5,442,077
Water treatment and distribution (Page 35)	781,287	1,007,678	1,005,503
Total expenses	<u>41,784,704</u>	<u>36,239,381</u>	<u>41,706,475</u>
Annual surplus (deficit)	\$ <u>2,510,360</u>	\$ <u>8,212,760</u>	\$ <u>(747,047)</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 100,330,742	\$ 101,077,789
Annual surplus (deficit)		<u>8,212,760</u>	<u>(747,047)</u>
Accumulated surplus, end of year		<u>\$ 108,543,502</u>	<u>\$ 100,330,742</u>

The Municipality of the County of Colchester

Consolidated statement of financial position

March 31	2021	2020
Financial assets		
Cash and cash equivalents (Note 1)	\$ <u>25,569,789</u>	\$ 23,563,752
Investment (Note 1)	<u>1,400,000</u>	<u>1,400,000</u>
Receivables		
Taxes, net of allowances (Note 2)	2,998,274	3,379,053
Due from federal government and its agencies	333,252	327,964
Due from other government entities and its agencies	2,810,606	2,841,440
Other		
Trade account, net of allowances of \$53,265 (2020 - \$57,814)	2,028,136	1,576,854
Frontage rates (Note 4)	<u>34,153</u>	<u>79,023</u>
	<u>8,204,421</u>	<u>8,204,334</u>
Loans and advances	<u>369,103</u>	<u>430,621</u>
Land inventory available for sale (Note 1)	<u>676,026</u>	<u>318,715</u>
	<u>36,219,339</u>	<u>33,917,422</u>
Financial liabilities		
Payables and accruals	<u>3,423,257</u>	<u>4,175,447</u>
Other liabilities		
Accrued pension benefit liability (Note 10)	11,416	2,916,469
Accrued sick leave benefit liability (Note 11)	51,417	52,938
Balefill closure liability (Note 9)	2,334,376	2,164,114
Other	<u>149,472</u>	<u>136,497</u>
	<u>2,546,681</u>	<u>5,270,018</u>
Prepayment of taxes	<u>1,793,002</u>	<u>1,671,571</u>
Deferred revenue (Note 5)		
Street improvement rates	36,142	38,353
Colchester Park	3,005,367	3,120,636
Debert Business Park	494,166	494,166
Gas tax	4,636,088	6,595,952
Other deferred revenue	<u>1,166,235</u>	<u>886,497</u>
	<u>9,337,998</u>	<u>11,135,604</u>
Tax sale surplus (Note 6)	<u>515,830</u>	<u>485,158</u>
Long term debt (Note 8 and Page 39)	<u>16,095,196</u>	<u>17,769,613</u>
	<u>33,711,964</u>	<u>40,507,411</u>
Net financial assets (debt)	\$ <u>2,507,375</u>	\$ <u>(6,589,989)</u>

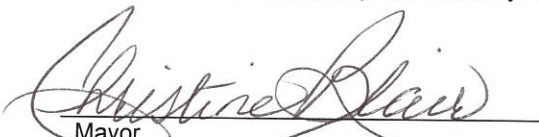
The Municipality of the County of Colchester
Consolidated statement of financial position

March 31 2021 2020

Non-financial assets (liabilities)		
Tangible capital assets (Pages 37 and 38)		
Property and equipment	\$ 216,664,232	\$ 210,660,970
Accumulated amortization	<u>(113,884,805)</u>	<u>(107,671,190)</u>
	102,779,427	102,989,780
Prepays	224,799	455,178
Land inventory under development (Note 1)	2,991,114	3,409,985
Other assets	<u>40,787</u>	<u>65,788</u>
	<u>106,036,127</u>	<u>106,920,731</u>
Accumulated surplus	\$ 108,543,502	\$ 100,330,742

Commitments (Note 12)
Contingencies (Note 17)
Subsequent Event (Note 21)

On Behalf of The Municipality of the County of Colchester



Mayor



Chief Administrative Officer

Municipality of the County of Colchester
Consolidated statement of changes in net financial assets (debt)

Year ended March 31	2021 Budget	2021 Actual	2020 Actual
Annual surplus (deficit)	\$ <u>2,510,360</u>	\$ <u>8,212,760</u>	\$ <u>(747,047)</u>
Acquisition of tangible capital assets	(6,954,500)	(6,181,500)	(4,776,782)
Amortization expense - contributory	91,766	91,766	91,766
Amortization of tangible capital assets	6,705,845	6,248,787	6,562,246
Loss on disposal of tangible capital assets	<u>-</u>	<u>51,300</u>	<u>-</u>
	<u>(156,889)</u>	<u>210,353</u>	<u>1,877,230</u>
Change in land inventory under development	-	418,871	950,409
Acquisition of prepaids and other assets, net	<u>-</u>	<u>255,380</u>	<u>(93,640)</u>
Change in financial assets	2,353,471	9,097,364	1,986,952
Net debt, beginning of year	<u>(1,603,727)</u>	<u>(6,589,989)</u>	<u>(8,576,941)</u>
Net financial assets (debt), end of year	\$ <u>749,744</u>	\$ <u>2,507,375</u>	\$ <u>(6,589,989)</u>

The Municipality of the County of Colchester

Consolidated statement of cash flows

Year ended March 31 2021 2020

Increase (decrease) in cash and cash equivalents

Operating activities

Annual surplus (deficit)	\$	8,212,760	\$	(747,047)
Amortization expense – contributory		91,766		91,766
Amortization of tangible capital assets		6,248,787		6,562,246
Loss on disposal of tangible capital assets		<u>51,300</u>		<u>-</u>
		14,604,613		5,906,965

Changes in non-cash working capital

Receivables		(87)		(226,757)
Loans and advances		61,518		61,518
Prepays and other assets		255,380		(93,640)
Payables and accruals		(752,190)		512,402
Other liabilities		(4,368,840)		3,051,402
Land inventory available for sale		(357,311)		(199,915)
Land inventory under development		<u>418,871</u>		<u>950,409</u>
		9,861,954		9,962,384

Investing activities

Acquisition of tangible capital assets		<u>(6,181,500)</u>		<u>(4,776,782)</u>
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Financing activities

Repayment of debt		<u>(1,674,417)</u>		<u>(1,994,173)</u>
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Net increase in cash and cash equivalents		2,006,037		3,191,429
Opening, cash and cash equivalents		<u>23,563,752</u>		<u>20,372,323</u>
Closing, cash and cash equivalents	\$	<u>25,569,789</u>	\$	<u>23,563,752</u>

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

1. Summary of significant accounting policies

Principles and basis of consolidation

The consolidated financial statements of the Municipality of the County of Colchester are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards as recommended by CPA Canada Public Sector Accounting Board (PSAB).

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all operations accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. These include the Tatamagouche and Debert water operating and capital funds, and the County's proportionate share of the Central Nova Scotia Civic Centre Society (operating as the "Rath Eastlink Community Centre") and Truro/Colchester Regional Enterprise Network.

Interdepartmental and organizational transactions and balances are eliminated.

Basis of accounting

The basis of accounting followed in the consolidated financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period in which the good and services are acquired and a liability is incurred or transfers are due.

Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds for the general operations, water utility, the proportionate share of the Central Nova Scotia Civic Centre Society and the proportionate share of the Truro/Colchester Regional Enterprise Network.

Budget figures

The budget figures contained in these consolidated financial statements were approved by Council on May 14, 2020 in its original fiscal plan; they also include budgets prepared and approved by controlled entities and are adjusted for amortization in accordance with Public Sector requirements. Note 16 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

Reserves for future expenses

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenses.

Segmented information

The Municipality of the County of Colchester is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual and was 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 - Administration

This segment is responsible for the overall local government administration. Its tasks include direction for Municipality services, such as planning, engineering, finance, and information technology in adherence to the Municipal Government Act.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Segmented information (continued)

Protective services

This segment is primarily responsible for police, fire protection and by-law administration for its residents. The Municipality engages the services of various not for profit, volunteer fire departments in order to fulfill its fire protection role. The Municipality collects area rates for each fire department. Other protective services include fees paid to the Province for correctional services.

Transportation services

The Municipality is responsible for the maintenance of certain local roads and street lights within its jurisdiction.

Environmental health services - Public Works and Solid Waste

This segment is responsible for the maintenance and operations of waste and sewer services provided to residents and other customers. Its tasks include the provision of waste collection through contract, recycling, and composting.

Public health services

This segment is to provide financial assistance in the areas of public housing and health services.

Environmental development services

This segment is responsible for the issuance of development permits and approving subdivision applications. This segment also includes municipal contributions to the regional economic development authorities, who are mandated to promote development with our respective communities.

Recreation and cultural services

This segment is responsible for promoting and offering recreation opportunities and activities to the Municipality's residents, specializing in maintaining and assisting recreational facilities within the Municipality such as parks, rinks, swimming pools, trails and libraries.

Water treatment and distribution

This segment manages water treatment and distribution facilities and services within the Municipality and includes activities such as source of supply, power and pumping, water treatment, transmission and distribution.

Revenue recognition

Tax revenues are property tax billings which are prepared by the Municipality based on assessment rolls. Tax rates are established annually by Municipal Council. Taxes are billed based on the assessment rolls provided by the Property Services Valuation Corporation a non-for-profit organization responsible for assessment under the Nova Scotia Assessment Act. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Revenues from services to other governments, sale of services, water fire protection and other revenues are recognized when services are performed and/or when earned as long as amounts can be reasonably estimated and collection is reasonably assured.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

The Municipality collected revenue on behalf of the Villages of Bible Hill and Tatamagouche. Revenue collected is not recorded in the consolidated financial statements of the Municipality. The amount collected and remitted to the Villages is \$2,484,605 (2020: \$2,415,893).

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires the Municipality's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the year. Estimates in the consolidated financial statements include the allowance for doubtful accounts, amortization expense based on estimated useful lives of tangible capital assets, accrued pension benefit liability, sick leave liability and balefill closure liability, impairment provisions. Actual results could differ from those reported.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net debt for the year.

Cash and cash equivalents (bank indebtedness)

Cash and cash equivalents include unrestricted cash (bank indebtedness) of \$1,555,004 (2020 – (\$668,983)) and internally designated cash of \$24,014,785 (2020 - \$24,232,735). These totals include cash on hand, balances with banks and guarantee investment certificates.

Investment

The Municipality accounts for their current investment at cost. The investment held is in the form of principal protected note which is a fixed income security that guarantees a minimum return equal to the Municipality's initial investment.

Land inventory under development and available for sale

Since 2012, the Debert Industrial Park has been under development with the intention of selling commercial building lots to developers. The primary object of this venture is to increase commercial tax-based revenues for the Municipality. The development of this land is expected to extend beyond the next 12 months and has been recorded as a non-financial asset. Land inventory available for sale consists of 25.25 acres which is expected to be sold in the next 12 months with a cost of \$676,026. The average cost of land inventory at year-end is \$26,773.

Currently Debert Industrial Park land inventory under development consists of a total cost of \$2,991,114. This consists of 111.72 acres of land. The average cost per acre at year-end is \$26,773. Inventory is recognized at lessor of cost and net realizable value ("NRV"). Inventories held for consumption or use are written down when a reduction in the value of their service potential can be measured and the reduction is expected to be permanent.

The Municipality of the County of Colchester
Notes to the consolidated financial statements
 March 31, 2021

1. Summary of significant accounting policies (continued)

Land inventory under development and available for sale (continued)

Land Inventory was tested for impairment during fiscal 2019-20. A market appraisal was obtained to determine the NRV for land inventory. Listed below are the parcels of land held in land inventory with their NRV, the cost per acre and total historical cost, impairment expense recognized during fiscal 2019-2020, and the current asset value for the parcels of land.:

PID#	Acres	NRV	Cost/Acre	Historical cost	Impairment	Carrying Value
20117966	10	18,000	35,672	356,718	176,718	180,000
20117966	17	18,000	35,672	606,420	300,420	306,000
20117966	13	18,000	35,672	463,733	229,733	234,000
20153458	2.28	18,000	35,672	81,332	40,292	41,040
20153466	2.94	18,000	35,672	104,875	51,955	52,920
20153482	3.44	18,000	35,672	122,711	60,791	61,920
20153490	3.44	18,000	35,672	122,711	60,791	61,920
20153508	5.9	18,000	35,672	210,463	104,263	106,200
20153516	8.9	18,000	35,672	317,479	157,279	160,200
20153649	2.07	18,000	35,672	73,841	36,581	37,260
20464418	10	50,800	35,672	356,718	-	356,718
20465662	20	43,200	35,672	713,435	-	713,435
20465662	18	36,889	35,672	642,092	-	642,092
20465662	20	36,900	35,672	713,435	-	713,435
	<u>136.97</u>			<u>4,885,962</u>	<u>1,218,822</u>	<u>3,667,140</u>

No reversal or write-downs have occurred for land inventory in fiscal 2020-2021.

The average cost method is used to measure inventory. In 2020-2021, 3.42 acres of PID 20153474 were sold and \$61,560 of land inventory was expensed for this transaction.

Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, investment, receivables, prepaids, loans and advances, payables and accruals, other liabilities and long-term debt and are carried at cost which approximates their fair value.

Government transfers

Government transfers received are recognized in the consolidated financial statements as revenue when the transfers are authorized, and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized, and all eligibility criteria have been met.

Deferred revenue

Deferred revenue relating to the Colchester and Debert Parks will be recognized in the period that the resources are used for the specified purposes outlined in its agreement and as the Municipality discharges its obligations, in accordance with the terms and conditions of the agreement.

Gas Tax and other deferred grant revenue will be recognized in the period in which any stipulations and eligibility criteria been met.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Tangible capital assets

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

	<u>Years</u>
Land improvements	25
Buildings	20 - 40
Machinery and equipment	5 - 20
Vehicles	5
Sewers	50
Sidewalks	20
Roads	25
Landfill	25

No amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Contributed capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

General and other funds

The Municipality records its capital assets in a separate investment in tangible capital asset fund which consists of the historical asset cost less the related long term debt and accumulated depreciation.

Water capital funds

In the Tatamagouche Water Capital Fund and Debert Water Capital Fund, depreciation is also calculated based on approval received from the Nova Scotia Utilities and Review Board (NSUARB). The depreciation charge is transferred to a special bank account in the Water Capital Fund which is used to help fund replacement of existing plant and equipment or subject to approval by the NSUARB, to repay principal of capital debt.

When conditions indicate that a tangible capital asset no longer contributes to the Municipality's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-downs of tangible capital assets are accounted for as expenses in the statement of operations and such write-downs are not reversed.

Allocation of municipal costs to water utility funds

Where identifiable, costs incurred by the Municipality of the County of Colchester on behalf of the water utilities are charged to the utility funds. Salary and wage related costs are charged directly or allocated in proportion to time spent performing functions on behalf of the water utilities.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Employee benefits plans

For municipal employees at the Materials Recovery Facility who became employees of the Municipality on December 1, 2010, or who have been hired to work at the facility since that date, participate in a Registered Retirement Savings Plan (RRSP). The managers at the Materials Recovery Facility were allowed to transfer to the defined benefit plan effective December 1, 2010.

The Municipality has a defined benefit plan (see Notes 10 and 21) and registered retirement savings plan covering essentially all of its employees.

Solid waste management facilities liabilities

The Municipality accrues landfill closure and post-closure care requirements that include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability for closure and post-closure care is recognized as the landfill site's capacity is used. Closure costs are included in the annual operating costs as each cell of the landfill site is filled and capped. The present value of the estimated annual post closure costs are being accrued over the remaining life of the landfill site.

Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Liability for 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 County of Colchester:
 - is directly responsible; or
 - accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

As at March 31, 2021, there are no known contaminated sites identified.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

2. Taxes receivable	<u>Current Year</u>	<u>Prior Years</u>	<u>2021 Total</u>	<u>2020 Total</u>
Balance, beginning of year	\$ -	\$ 3,051,801	\$ 3,051,801	\$ 2,769,566
Current year's tax levy	<u>36,190,515</u>	<u>-</u>	<u>36,190,515</u>	<u>35,341,231</u>
	36,190,515	3,051,801	39,242,316	38,110,79
Deduct:				
Current year's collection	34,148,443	1,988,833	36,137,276	34,867,696
Write-offs	-	25,711	25,711	22,730
Reduced taxes	<u>313,669</u>	<u>-</u>	<u>313,669</u>	<u>168,570</u>
	<u>34,462,112</u>	<u>2,014,544</u>	<u>36,476,656</u>	<u>35,058,996</u>
Balance, end of year	<u>\$ 1,728,403</u>	<u>1,037,257</u>	<u>2,765,660</u>	<u>3,051,801</u>
Allowance for uncollectible accounts			(160,000)	(160,000)
Interest receivable, end of year			<u>392,614</u>	<u>487,252</u>
Balance, end of year, including interest			<u>\$ 2,998,274</u>	<u>\$ 3,379,053</u>

3. Tax collections	<u>2021</u>	<u>2020</u>
Total taxes collected *	\$ <u>34,462,112</u>	\$ <u>33,397,535</u>
Percentage current period's taxes collected	<u>95.2%</u>	<u>94.5%</u>

* Collections include taxes reduced through granting of exemptions.

The tax levy was as follows:

Residential assessments	\$ <u>.885</u>	\$ <u>.885</u>
Commercial assessments	\$ <u>2.28</u>	\$ <u>2.28</u>

4. Frontage rates receivable	<u>2021</u>	<u>2020</u>
Street improvements	\$ 13,695	\$ 18,855
Hub Centre Drive	12,091	51,563
Interest receivable	<u>8,367</u>	<u>8,605</u>
Balance, end of year, including interest	<u>\$ 34,153</u>	<u>\$ 79,023</u>

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

5. Deferred revenue

In the agreement with the former Colchester Regional Development Agency, the Municipality received funds related to the sale of houses in the Colchester Park. These funds including interest earned, less expenditures totals \$3,005,367 (2020 - \$3,120,636) at March 31, 2021. The revenue will be recognized as upgrading and maintenance for the Debert Area infrastructure as it occurs.

The Municipality and the Province of Nova Scotia have signed an agreement which initially turned over the water and sewer operations within the Debert Business Park to the Municipality. As part of this agreement, the province initially turned over \$1,735,000 towards capital upgrades that were in progress at the time of the transfer. The Municipality will recognize these funds as revenue as the related capital upgrades are incurred. During 2021, \$Nil (2020 – \$Nil) has been recognized.

The Province of Nova Scotia signed an agreement with the Federal government which would enable the Province to transfer gas tax rebates to municipalities for specific capital improvements. The program was to initially run for five years but has been extended past this five-year time frame. In 2021, \$3,684,359 (2020 – \$1,291,592) has been recognized as revenues by the Municipality.

The Federal government, through the provincial government has provided Covid-19 relief through the means of the Safe Restart funding. This funding was provided for items such as lost revenue and personal protective equipment. In 2021, \$479,843 has been recognized as revenues by the Municipality the remaining \$544,821 is included in other deferred revenues.

	Street Improvement Rates	Colchester Park	Debert Business Park	Gas Tax	Other	Total
Balance, beginning of year	\$38,353	\$3,120,636	\$494,166	\$6,595,952	\$886,497	\$11,135,604
Contributions and interest earned	45,152	2,653	-	1,724,495	1,143,901	2,916,201
Amounts recognized as revenue	(47,363)	(117,922)	-	(3,684,359)	(864,163)	(4,713,807)
Balance, end of year	\$36,142	\$3,005,367	\$494,166	\$4,636,088	\$1,166,235	\$ 9,337,998

6. Tax sale surplus

The Municipality is required to hold these funds in the Operating Fund statement of financial position for 20 years. After the expiry date, the cash will then be transferred to the Capital Reserve Fund. Of the total amount of \$515,830, the following can be transferred:

2022	\$ 19,663	2031	\$ 63,039
2024	\$ 43,611	2033	\$ 32,669
2025	\$ 7,525	2034	\$ 23,915
2026	\$ 84,304	2035	\$ 2,515
2027	\$ 100,052	2036	\$ 355
2028	\$ 1,790	2037	\$ 12,350
2029	\$ 46,256	2039	\$ 12,352
2030	\$ 13,964	2040	\$ 8,901
		2041	\$ 42,569

7. Rate of return on rate base

For the year ended March 31, 2021, the Tatamagouche Water Utility had a rate of return on rate base of 3.35% (2020: (1.58%)).

For the year ended March 31, 2021, the Debert Water Utility had a rate of return on rate base of (2.62)% (2020: 1.88%).

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

8. Long term debt

Schedule of consolidated debt changes and term debt is detailed on page 39. Principal repayments in each of the next five years are due as follows:

2022	\$ 2,846,568
2023	\$ 4,544,705
2024	\$ 2,526,447
2025	\$ 565,647
2026	\$ 565,647

All long term debt outstanding at year end has been properly authorized by Service Nova Scotia and Municipal Relations.

9. Balefill closure liability

The Kempton Balefill facility opened to accept solid waste in July of 1995. The facility's original useful life was estimated by the project consultants at 35 years. A consultant's study completed in 2013 has estimated that the site's useful life is extended to 2086. At that time, the Municipality implemented a closure reserve which would provide funding to remediate the site and to monitor environmental conditions. In 2005, the Municipality recognized the closure as a liability and accordingly, set up the liability in general operations by transferring the reserve fund balance.

The estimated liability for closure and post closure costs at this date is \$13,207,189. At March 31, 2021, the liability balance is \$2,334,376 (2020 - \$2,164,114).

Current capacity of the site is estimated at 4,791,670 cubic meters. At March 31, 2021, 17.68% of the capacity, or 846,930 cubic meters of the site has been used.

It is expected that post closure costs will continue for an indefinite time after closure of the site. The \$13,207,189 closure costs are reviewed annually as cells are capped as the capping of the cells impact the estimated liability closure.

The Municipality constructed the third cell and liner in 2006. Eleven cells are expected to be completed and filled at the time of site closure. The fourth cell construction was completed in fiscal 2015.

10. Employee retirement benefits

The Municipality operates a defined benefit pension plan, which provides benefits to employees upon retirement. The assumptions and methods used in the valuation, as selected by management following consultation with the Municipality's Actuary, conform to the requirements of PS 3250. The valuation was completed as at December 31, 2020.

In March 2021, the Municipality and the Public Service Superannuation Plan Trustee Incorporated entered into an agreement (the "Transfer Agreement") to transfer the assets and liabilities of the Colchester Plan into the Nova Scotia Public Service Superannuation Plan (the "PSSP") effective April 1, 2021 (See Note 21). In addition to the transfer of assets and past service liabilities, eligible employees of the Municipality will participate in the PSSP with respect to future service.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

10. Employee retirement benefits (continued)

The accrued benefit obligation as at December 31, 2020 is using the actuarial basis that will be used to determine the actuarial liability of the transferred benefits as set out in the Transfer Agreement. The Actuarial gains arising from the transfer have been recognized in the pension expense for the year; as well as the entire net unamortized gain/loss balance. The result is that the Accrued Benefit Liability is equal to the estimated PSSP transfer shortfall calculated as of December 31, 2020.

	<u>December 31, 2020</u>	December 31, 2019
Market Value of Assets	\$15,498,327	\$14,457,132
Accrued Benefit Obligation	<u>15,509,743</u>	<u>20,371,223</u>
Surplus/ (Deficit)	(11,416)	(5,914,091)
Unamortized net actual loss	<u>-</u>	<u>2,997,622</u>
	<u>\$11,416</u>	<u>\$2,916,469</u>

Components of Pension Expense under PS 3250:

The main components of pension and interest expense under PS 3250 for the year January 1, 2020 to December 31, 2020.

	<u>2020</u>	<u>2019</u>
Employer's current service cost	\$ 996,365	\$ 744,340
Amortization of net actuarial loss	388,145	273,090
Gain on PSSP Transfer	(7,137,728)	-
Recognition of all unamortized losses due to transfer	<u>3,685,647</u>	<u>-</u>
Pension (income)/expense	<u>\$(2,067,571)</u>	<u>\$1,017,430</u>
	<u>2020</u>	<u>2019</u>
Interest cost on accrued benefit obligation	\$ 669,759	\$ 682,108
Expected return on plan assets	<u>(935,435)</u>	<u>(800,546)</u>
Interest (income)	<u>\$(265,676)</u>	<u>\$ (118,438)</u>

Accrued Benefit Liability / (Asset) on the consolidated statement of financial position:

	<u>2020</u>	<u>2019</u>
Balance January 1	\$2,916,469	\$2,555,414
Pension (income)/expense	(2,067,571)	1,017,430
Interest (income)/expense	(265,676)	(118,438)
Municipality's contributions	<u>(571,806)</u>	<u>(537,937)</u>
Balance December 31	<u>\$ 11,416</u>	<u>\$2,916,469</u>

An initial asset transfer will take place subsequent to year end in April 2021. During the upcoming year, the PSSP will assume responsibility for the Colchester Plan's benefit payments and the PSSP's actuary will calculate the actuarial liability associated with the transferred benefits. If the liability exceeds the Colchester Plan's assets, the Municipality must fund the shortfall. If the liability is less than the Colchester Plan's assets, the surplus will be shared equally between the Municipality and its active members in the PSSP as a credit towards future contributions.

Commencing on April 1, 2021, the Municipality's only obligation with respect to the PSSP is to remit employer contributions when due. As such, in accordance with PS 3250, the Municipality will no longer be required to separately report a pension expense and accrued pension liability relating to a defined benefit plan. The PSSP is a defined benefit multiemployer pension plan under PS 3250 which is accounted for as defined contribution plans by the participating employers. Upon transfer, the Municipality will account for contributions paid or payable as expensed in the year in which earned by the qualifying employees of the Municipality.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

10. Employee retirement benefits (continued)

The significant actuarial assumptions adopted measuring the Municipality's accrued benefit obligations as at December 31, 2020 were as follows:

Expected long-term rate of return on plan assets:	5.50% (December 2019 – 6.50%)												
Rate of compensation increase:	December 31, 2020:												
	<table><thead><tr><th>Age</th><th>Annual Salary Increase</th></tr></thead><tbody><tr><td>Under 30</td><td>4.5%</td></tr><tr><td>30-34</td><td>4.0%</td></tr><tr><td>35-39</td><td>3.5%</td></tr><tr><td>40-44</td><td>3.0%</td></tr><tr><td>45 and over</td><td>2.5%</td></tr></tbody></table>	Age	Annual Salary Increase	Under 30	4.5%	30-34	4.0%	35-39	3.5%	40-44	3.0%	45 and over	2.5%
Age	Annual Salary Increase												
Under 30	4.5%												
30-34	4.0%												
35-39	3.5%												
40-44	3.0%												
45 and over	2.5%												
	December 2019 – 3.00%												
Discount rate used to determine benefit obligation:	5.50% per annum as at December 31, 2020 3.25% per annum as at December 31, 2019												
The Actuarial Cost Method:	Projected Accrued Benefit prorated on Service												
Pre & Post-retirement mortality:	120% (December 31, 2019 – 100%) of 2014 Canadian Pensioners Mortality Table for Public Sector Employees (CPM 2014 Public) with future mortality improvements using CPM Improvement Scale B applied pre and post retirement												
Retirement ages:	December 31, 2020: Active members: -10% at age 59 -20% at age 60 -10% at each year from ages 61-64 -50% at each year from ages 65-69 -100% at age 70 -20% at each year on and after 80 points (age + service) is reached for members hired before April 6, 2010 (85 points if hired on or after April 6, 2010) if greater than age based rate -40% when 35 years of pensionable service is reached if greater than above described rates Deferred vested members: Earliest unreduced retirement age 2 deferred vested members are older than their earliest unreduced retirement age; they have been valued assuming they retire immediately and receive retroactive payments with interest December 31, 2019: 100% retire at the earliest date eligible for unreduced retirement (earlier of age 60 or when age plus severance equals 85).												

All plan assets are held by various Manulife Funds until transfer to the PSSP.

During the year, the Municipality and employees contributed \$550,588 and \$403,954 respectively, to the plan. Benefit payments for the year totaled \$942,384.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

10. Employee retirement benefits (continued)

Effective July 1, 2014, members contribute 7.0% of their pensionable earnings up to the YMPE (Years maximum pensionable earnings) plus 8.5% of pensionable earnings in excess of the YMPE. The Municipality contributes the balance of the cost required to fund the benefits.

11. Sick leave benefit liability

Section 3255 of the CPA Canada Public Sector Accounting Handbook (PS 3255) requires that a liability and expense be recorded for compensated absences that vest or that accumulate. The Municipality has two unionized workforces that have sick benefits that are accumulating and non-vesting. The Municipality also provides sick leave benefits for its non-union employees. However, because the benefit does not vest or accumulate it is not included in the valuation. The valuation was completed as at March 31, 2019 and the results were extrapolated to March 31, 2021.

Actuarial Method:

The actuarial cost method used was the "Projected Unit Credit" method (also known as the "Projected Accrued Benefit" method) pro - rated on service.

Components of benefit expense under PS3250:	<u>2021</u>	<u>2020</u>
Current service cost	\$ 6,489	\$ 6,300
Amortization of gains and losses	<u>-</u>	<u>-</u>
Benefit expense	<u>\$ 6,489</u>	<u>\$ 6,300</u>

Accrued benefit liability / (asset) on the consolidated statement of financial position:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 52,938	\$ 49,787
Benefit expense	6,489	6,300
Interest expense	1,739	1,788
Municipality contribution and adjustments	<u>(9,749)</u>	<u>(4,937)</u>
Balance, end of year (unfunded)	<u>\$ 51,417</u>	<u>\$ 52,938</u>

Assumptions:

Discount rate:	2.90% per annum (2020: 3.39%)
Salary increases:	3.00% per annum (2020: 3.00%)
Termination:	Ontario Light" termination rate table
Pre-retirement mortality:	Nil
Pre-retirement disability:	Nil
Retirement age:	Age 60 or in one year if currently over 60
Excess sick leave utilization:	1.3 days per year (Local 3945) and 2 days per year (Local 4106)

Plan Provisions:

Local 3945

The Municipality provides eligible employees who are members of Local 3945 with sick leave that accumulates at 18 days per year (1.5 days per month) up to a maximum of 95 days. If an employee is sick more than 18 days in a year, they can draw on their accumulated sick leave. No benefit in respect of accumulated sick leave is payable upon termination, retirement, or death.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

11. Sick leave benefit liability (continued)

Local 4106

The Municipality provides eligible employees who are members of Local 4106 with sick leave that accumulates at 12 days per year (1 day per month) up to a maximum of 100 days. If an employee is sick more than 12 days in a year, they can draw on their accumulated sick leave. No benefit in respect of accumulated sick leave is payable upon termination, retirement, or death.

12. Commitments

- (i) The Municipality has entered into agreements to lease motor vehicles and information technology (IT) equipment for various periods until 2026. Payments for each of the next five years are as follows:

2022	\$ 75,680	2025	\$3,519
2023	\$ 54,095	2026	\$317
2024	\$ 30,487		

- (ii) The Municipality by resolution provided guarantees as follows:
- guarantee of \$449,949 for the North River Fire Brigade to finance construction of a New Fire Station. As of March 31, 2021, the loan is \$382,637.
 - guarantee of \$100,000 for the Great Village Fire Brigade to finance the fire truck refurbishment. As of March 31, 2021, the loan was not advanced.
 - guarantee of \$750,000 for the Valley-Kemptown Brigade to finance the fire apparatus unit replacement. As of March 31, 2021, the loan was not advanced.
- (iii) Under the terms and conditions of the agreement relating to the transfer of infrastructure system assets of the Debert Business Park from the Province of Nova Scotia to the Municipality, the Municipality has agreed to incur capital expenditures for infrastructure development in the amount of \$3,000,000 within four years of the asset transfer date of March 31, 2008. As of March 31, 2021, the Municipality has incurred approximately \$1,660,000 in expenditures in a ten year period towards the treatment plant, lift stations, sewer lines, highway entrance and sidewalk. The Province is aware of the delays in the project and the funding has not been recalled.
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The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

13. Remuneration

The gross earnings paid during the year and expenses paid on behalf of each member of council and CAO are as follows:

<u>Name and Position</u>	<u>Gross Earnings</u>	<u>Expenses</u>	<u>Total</u>
Eric Boutilier, Councillor	\$ 41,530	\$ 1,051	\$ 42,581
Ronald Cavanaugh, Councillor (7 Months)	\$ 25,529	\$ 525	\$ 26,054
Lisa Patton, Councillor (5 Months)	\$ 16,321	\$ 617	\$ 16,938
Mike Cooper, Councillor	\$ 41,530	\$ 384	\$ 41,914
Lloyd Gibbs, Councillor (7 Months)	\$ 25,529	\$ 525	\$ 26,054
Tim Johnson, Councillor (5 Months)	\$ 16,321	\$ 417	\$ 16,738
Michael Gregory, Councillor	\$ 41,530	\$ 2,007	\$ 43,537
Robert Pash, Councillor (7 Months)	\$ 25,529	\$ 525	\$ 26,054
Marie Beniot, Councillor (5 Months)	\$ 16,321	\$ 630	\$ 16,951
Karen MacKenzie, Councillor	\$ 41,530	\$ 1,105	\$ 42,635
Bill Masters, Councillor (7 Months)	\$ 25,529	\$ 604	\$ 26,133
Laurie Sandeson (5 Months)	\$ 16,321	\$ 582	\$ 16,903
Wade Parker, Councillor	\$ 41,530	\$ 942	\$ 42,472
Geoff Stewart, Councillor/Deputy Mayor	\$ 48,608	\$ 1,194	\$ 49,802
Tom Taggart, Councillor, Atlantic Region FCM Representative	\$ 41,530	\$ 2,556	\$ 44,086
Christine Blair, Mayor	\$ 66,865	\$ 3,302	\$ 70,167
Robert Simonds, CAO*	\$ 201,322	\$ 2,332	\$ 203,654

*Robert Simonds received a one-time retroactive salary payment of \$24,211. Of this retroactive payment, \$18,062 is for the prior fiscal year but is included in the gross earnings total for 2020-21.

14. Trust funds

The Municipality holds trust funds at March 31, 2021, totaling \$689,146 (2020 - \$632,340) for specific purposes. These assets and corresponding liabilities are not recorded in these consolidated financial statements.

15. Credit facilities

The Municipality has the following credit facilities:

Revolving line of credit	\$ 9,550,000
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The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

16. Budget figures

The County budgets for rate setting purposes in the general operating fund. Council approves a budget in the general operating fund which is a budget for County wide operations. Council also approves separate area rates which may budget for surplus funds, and water utility budgets which have regulated rates. Council also approves a five-year capital budget. The following adjustments reconcile the general operating budget to the financial reporting presentation under Canadian Public Sector Accounting Standards ("PSAB"). These adjustments include adjustments for area rates, water utility budget, Central Nova Scotia Civic Centre Society budget, Truro/Colchester Regional Enterprise Network budget, fiscal transfers between funds, and reclassifications of revenues and expenses between categories.

	<u>Original Operating Budget</u>	<u>Adjustments</u>	<u>Fiscal Budget Per Consolidated Financial Statements</u>
REVENUE			
Property Taxes	\$ 27,818,096	\$ (363,343)	\$ 27,454,753
Grants in Lieu Own Sources, Other and Capital	1,220,753	-	1,220,753
Government Transfers	1,071,826	12,990,357	14,062,183
	<u>1,238,420</u>	<u>318,955</u>	<u>1,557,375</u>
Total Revenue	<u>\$ 31,349,095</u>	<u>\$ 12,945,969</u>	<u>\$ 44,295,064</u>
EXPENSE			
General Government Services	\$ 6,080,350	\$ (107,720)	\$ 5,972,630
Protective Services	520,322	9,458,338	9,978,660
Transportation Services	2,335,290	671,670	3,006,960
Environmental and Health Services	7,808,496	8,810,646	16,619,142
Recreation, Parks, Rinks	2,966,773	2,459,252	5,426,025
Transfers to other Govts.	14,503,224	(14,503,224)	-
Water Treatment	-	781,287	781,287
Other Transfers	3,761,235	(3,761,235)	-
Amortization	<u>(6,626,595)</u>	<u>6,626,595</u>	<u>-</u>
Total Expense	<u>\$ 31,349,095</u>	<u>\$ 10,435,609</u>	<u>\$ 41,784,704</u>
Net Financial position	<u>\$ -</u>	<u>\$ 2,510,360</u>	<u>\$ 2,510,360</u>

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

17. Contingencies

Litigation

- i) As at March 31, 2021, there remains a litigation claim against the Municipality of the County of Colchester and the Town of Truro by PCL Constructors Canada Inc. This is a claim arising out of the construction contract for the Rath Eastlink Community Centre. The claim was filed February 2, 2015. A counter claim was also filed by the Municipality of the County of Colchester and the Town of Truro. The stated value of the PCL claim is \$2.5 million. At this stage in the proceedings, it is not possible to reasonably measure any potential liability or recovery that may exist in the PCL claim or counter claim.
- ii) As at March 31, 2021, there is outstanding litigation relating to a fire at Dalhousie University. While a roof was being replaced at Dalhousie University by a contractor, the roof caught fire. Dalhousie University is suing the contractor for negligence in the amount of \$55,000,000. The contractor issued a third party claim against numerous entities including the Municipality for gross negligence in responding to the fire. The Municipality is being defended by its liability insurer but has been put on notice that the claim potentially exceeds their \$10,000,000 policy limit. Legal disclosure has occurred and discoveries took place July 19 and 26, 2021. At this stage, it is not possible to reasonably measure any potential liability that may exist.

Wastewater treatment services

As of March 31, 2021, there currently remains an outstanding dispute regarding the sale of wastewater treatment services to the Town of Truro. The Municipality of the County of Colchester and the Town of Truro's agreement for wastewater has expired and a replacement agreement has not been renegotiated. The Municipality of Colchester has invoiced Truro based on recommended flow calculations for fiscal year ending 2020 and 2021. Fiscal year ending 2019 was invoiced on the previously existing agreement which was in place. No formal legal claim has been filed as the parties continue to negotiate a new agreement. It is not expected that any material changes in revenue from the Town for the services will occur as a part of renegotiation of the wastewater agreement.

18. Government partnerships

Government partnerships entered into or continued by the Municipality during the current year of operations are recorded using the proportionate consolidation method. Government partnerships include:

Partnership with the Town of Truro to maintain and operate the Central Nova Civic Centre Society at 50%

Partnership with various parties to operate Truro/Colchester Regional Enterprise Network at 33%.

Partnership with the Town of Truro for the construction and operation costs to maintain the building which hosts the Colchester – East Hants Public Library Truro Branch at 40%

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

18. Government partnerships (continued)

Government partnerships accounted for using the proportionate consolidation method have the following impact on the consolidated statement of financial position and operations as at March 31,

	<u>2021</u>	<u>2020</u>
Total Assets	\$ 2,719,523	\$ 2,696,390
Total Liabilities	<u>227,116</u>	<u>353,655</u>
Net Assets	\$ <u>2,492,407</u>	\$ <u>2,342,735</u>
Total Revenues	\$ 774,808	\$ 1,339,791
Total Expenses	<u>665,146</u>	<u>1,663,038</u>
Annual Surplus (Deficit)	<u>\$ 109,662</u>	<u>\$ (323,247)</u>

19. Impact of COVID-19

Since March 31, 2021 the spread of COVID-19 has continued to impact many local economies around the globe, with Nova Scotia extending their state of emergency. During the fiscal year, the Municipality of the County of Colchester ("The Municipality") has seen some decline in MRF revenue; however, this was offset by federal grant funding totaling \$1,024,664 of which \$479,843 was recognized in revenue and \$544,821 was deferred to fiscal 2022. The Municipality of the County of Colchester has not yet experienced a significant impact on its operations and has determined that no events have taken place that impact the financial results of operations as of and for the year ended March 31, 2021.

The Central Nova Scotia Civic Centre Society, which is proportionately consolidated with the Municipality, was required to shut down the operating facility from March 15, 2020 to July 6, 2020. Subsequent to year end the Society was required to shut down a second time on April 28, 2021. To limit financial exposure, the operating facility laid off much of the workforce and have utilized government programs for business. During the year, the Society applied for and received the Canada Emergency Wage Subsidy from the federal government in the amount of \$583,408 recorded as federal transfers, with \$45,700 receivable at year end. They are also still receiving financial support from the Municipality of the County of Colchester and the Town of Truro, under the operating agreement between the parties. The Society reopened July 7, 2020 until April 28, 2021 with reduced activities and will be resuming and establishing functions and activities as they are permitted to do so, in line with Federal and Provincial Public Health guidelines, as well as the individual guidelines for specific functions, such as Hockey NS. In addition to following the Public Health recommendations they are closely monitoring costs associated with each of the functions and will ensure the plans are in place to ensure costs are able to be recovered and do not result in a deficit. The Society has prepared a forecast for their 2021/2022 year to reflect the changes as a result of COVID-19. This will continue to be closely monitored by management and the Board of the organization.

The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of the impact the pandemic will have on the financial position and results of the Municipality's future periods.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

20. Comparative figures

Certain of the prior year figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current year.

21. Subsequent Event

In March 2021, the Municipality and the Public Service Superannuation Plan Trustee Incorporated entered into an agreement (the "Transfer Agreement") to transfer the assets and liabilities of the Colchester Plan into the Nova Scotia Public Service Superannuation Plan (the "PSSP") effective April 1, 2021, see Note 10. During the fiscal year the actuary engaged by the Municipality estimated the value of the assets and liabilities with the knowledge of the transfer. The final transfer is expected to occur in the fall of fiscal 2022 and will be accompanied by a final actuarial estimate completed by the PSSP actuary. This final transfer is considered to be a non adjusting subsequent event and therefore any differences from the current actuarial estimates and the final actuarial estimates will be adjusted prospectively. As the values are estimations the differences could be significant.

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

22. Segment disclosures – March 31, 2021

	General Government	Protective Services	Transportation Services	Environmental Health	Public Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utilities	Rath Eastlink Community Centre	Regional Enterprise Network	Consolidated
Revenues											
Taxes	\$2,584,073	\$ 8,064,214	\$ 2,596,408	\$ 10,849,715	\$ 110,879	\$ 1,254,926	\$ 2,710,342	\$ -	\$ -	\$ -	\$ 28,170,557
Grants-in-lieu of taxes	111,794	348,881	112,328	469,389	4,797	54,292	117,257	-	-	-	1,218,738
Services to other governments	-	-	-	658,675	-	-	-	-	-	-	658,675
Sale of services	-	-	-	442,143	-	-	-	548,164	-	-	990,307
Water fire protection	-	-	-	-	-	-	-	207,883	-	-	207,883
Other revenue from own sources	834,820	110,465	-	4,186,931	-	-	43,607	-	627,542	147,266	5,950,631
Unconditional transfer from other governments	51,661	161,220	51,907	216,908	2,217	25,089	54,185	-	-	-	563,187
Conditional transfers from other governments	479,843	170,585	-	747,612	-	20,238	251,580	-	-	-	1,669,858
Other revenue	3,802,280	-	-	-	-	95,000	-	44,877	-	-	3,942,157
Capital revenue	885,025	-	-	-	-	-	-	-	-	-	885,025
Interest and other revenue	195,123	-	-	-	-	-	-	-	-	-	195,123
	\$ 8,944,619	\$ 8,855,365	\$ 2,760,643	\$ 17,571,373	\$ 117,893	\$ 1,449,545	\$ 3,176,971	\$ 800,924	\$ 627,542	\$ 147,266	\$ 44,452,141

Expenses											
Salaries, wages and benefits	\$ 2,826,573	\$ 352,034	\$ 329,506	\$ 4,145,257	\$ -	\$ 312,752	\$ 473,149	\$ 238,029	\$ 217,127	\$ 43,371	\$8,937,798
Goods and services	(1,572,364)	3,573,121	949,528	5,538,059	-	1,107,460	1,208,803	385,536	767,332	100,403	12,057,878
Third party services/transfers	689,355	5,562,777	589,295	-	131,906	-	275,586	-	-	-	7,248,919
Debt Servicing	-	70,910	-	236,152	1,490	-	282,236	-	-	-	590,788
Community grants and exemptions	924,096	34,473	-	-	-	-	104,876	-	-	-	1,063,445
Amortization	206,443	71,067	1,220,449	3,223,886	-	72,692	1,161,903	384,113	-	-	6,340,553
	\$ 3,074,103	\$ 9,664,382	\$ 3,086,778	\$ 13,143,354	\$ 133,396	\$1,492,904	\$ 3,506,563	\$1,007,678	\$ 984,459	\$ 143,774	\$ 36,239,381

The Municipality of the County of Colchester

Notes to the consolidated financial statements

March 31, 2021

22. Segment disclosures – March 31, 2020

	General Government	Protective Services	Transportation Services	Environmental Health	Public Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utilities	Rath Eastlink Community Centre	Regional Enterprise Network	Consolidated
Revenues											
Taxes	\$ 4,328,804	\$ 6,703,377	\$ 2,135,367	\$ 9,899,438	\$ 84,029	\$ 1,645,210	\$ 2,216,479	\$ -	\$ -	\$ -	\$ 27,012,704
Grants-in-lieu of taxes	194,348	300,958	95,870	444,450	3,773	73,864	99,512	-	-	-	1,212,775
Services to other governments	-	-	-	724,261	-	-	-	-	-	-	724,261
Sale of services	-	-	-	579,648	-	-	-	565,575	-	-	1,145,223
Water fire protection	-	-	-	-	-	-	-	199,305	-	-	199,305
Other revenue from own sources	820,224	92,442	-	3,879,207	-	-	94,231	-	1,581,767	96,281	6,564,152
Unconditional transfer from other governments	89,466	138,543	44,133	204,597	1,737	34,003	45,808	-	-	-	558,287
Conditional transfers from other governments	-	150,029	-	642,580	-	41,848	170,735	-	-	-	1,005,192
Other revenue	1,336,969	-	86,080	-	-	100,000	-	41,881	-	-	1,564,930
Capital revenue	471,054	-	-	-	-	-	-	-	-	-	471,054
Interest and other revenue	501,545	-	-	-	-	-	-	-	-	-	501,545
	\$ 7,742,410	\$ 7,385,349	\$ 2,361,450	\$ 16,374,181	\$ 89,539	\$ 1,894,925	\$ 2,626,765	\$ 806,761	\$ 1,581,767	\$ 96,281	\$ 40,959,428
Expenses											
Salaries, wages and benefits	\$ 2,754,739	\$ 443,461	\$ 360,815	\$ 4,742,101	\$ -	\$ 320,413	\$ 482,735	\$ 234,769	\$ 666,380	\$ 14,724	\$10,020,137
Goods and services	1,512,114	3,424,591	942,652	5,511,001	-	1,941,906	1,145,584	397,803	1,346,733	75,594	16,297,978
Third party services/transfers	683,968	5,441,507	576,609	-	118,079	-	281,201	-	-	-	7,101,364
Debt Servicing	-	71,999	-	246,807	5,606	-	314,321	-	-	-	638,733
Community grants and exemptions	857,515	35,397	-	-	-	-	101,339	-	-	-	994,251
Amortization	274,588	74,768	1,120,586	3,657,791	-	49,564	1,103,784	372,931	-	-	6,654,012
	\$ 6,082,924	\$ 9,491,723	\$ 3,000,662	\$ 14,157,700	\$ 123,685	\$ 2,311,883	\$ 3,428,964	\$ 1,005,503	\$ 2,013,113	\$ 90,318	\$ 41,706,475

The Municipality of the County of Colchester

Schedule of consolidated tangible capital assets

Year ended March 31, 2021

General capital

	Land	Land Improvements	Municipal Buildings	Buildings/Plants	Electric Data	Office Equipment	Machinery
Cost:							
Balance, beginning of year	\$7,132,472	\$4,251,699	\$30,715,609	\$73,760,575	\$1,015,370	\$568,649	\$15,960,408
Acquisition of tangible capital assets	-	146,993	2,076,299	502,380	-	55,799	498,541
Disposal of tangible capital assets	(51,300)	-	-	(8,700)	-	-	(118,238)
Balance, end of year	7,081,172	4,398,692	32,791,908	74,254,255	1,015,370	624,448	16,340,711
Accumulated amortization:							
Balance, beginning of year	-	(719,365)	(4,950,011)	(51,638,493)	(880,505)	(408,324)	(10,575,776)
Annual amortization	-	(170,060)	(750,838)	(1,653,662)	(82,645)	(68,529)	(1,101,849)
Accumulated amortization on disposals	-	-	-	8,700	-	-	118,238
Balance, end of year	-	(889,425)	(5,700,849)	(53,283,455)	(963,150)	(476,853)	(11,559,387)
Net book value of tangible capital assets	\$7,081,172	\$3,509,267	\$27,091,059	\$20,970,800	\$52,220	\$147,595	\$4,781,324
Cost:							
Balance, beginning of year	\$2,586,594	\$15,407,771	\$16,583,266	\$22,907,938	\$9,330,031	\$200,220,382	\$5,760,868
Acquisition of tangible capital assets	80,125	333,870	749,955	1,125,528	191,378	5,760,868	(178,238)
Disposal of tangible capital assets	-	-	-	-	-	-	(178,238)
Balance, end of year	2,666,719	15,741,641	17,333,221	24,033,466	9,521,409	205,803,012	5,582,630
Accumulated amortization:							
Balance, beginning of year	(2,300,331)	(7,920,732)	(7,732,453)	(8,354,508)	(5,750,003)	(101,230,501)	(5,956,441)
Annual amortization	(84,393)	(583,778)	(635,838)	(451,764)	(373,085)	(5,956,441)	126,938
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	(2,384,724)	(8,504,510)	(8,368,291)	(8,806,272)	(6,123,088)	(107,060,004)	(5,829,503)
Net book value of tangible capital assets	\$281,995	\$7,237,131	\$8,964,930	\$15,227,194	\$3,398,321	\$98,743,008	\$1,753,127

The Municipality of the County of Colchester Schedule of consolidated tangible capital assets

Year ended March 31, 2021

Debert Water Utility

	<u>Buildings</u>	<u>Machinery</u>	<u>Water Lines</u>	<u>Vehicles</u>	<u>Total</u>
Cost:					
Balance, beginning of year	\$5,004,683	\$76,848	\$1,429,995	\$68,667	\$6,580,193
Acquisition of tangible capital assets	359,142	-	12,257	47,923	419,322
	<u>5,363,825</u>	<u>76,848</u>	<u>1,442,252</u>	<u>116,590</u>	<u>6,999,515</u>
Accumulated amortization:					
Balance, beginning of year	(2,408,146)	(65,533)	(1,009,587)	(45,289)	(3,528,555)
Accumulated amortization contributory	-	-	-	-	(166,468)
Annual amortization contributory	-	-	-	-	(17,970)
Annual amortization	(125,689)	(2,222)	(30,243)	(5,845)	(163,999)
Balance, end of year	<u>(2,533,835)</u>	<u>(67,755)</u>	<u>(1,039,830)</u>	<u>(51,134)</u>	<u>(3,876,992)</u>
Net book value of tangible capital assets	<u>\$2,829,990</u>	<u>\$ 9,093</u>	<u>\$ 402,422</u>	<u>\$65,456</u>	<u>\$3,122,523</u>

Tatamagouche Water Utility

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Water Lines</u>	<u>Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
Cost:							
Balance, beginning of year	\$7,097	\$2,992,931	\$114,447	\$711,504	\$30,005	\$4,411	\$3,860,395
Acquisition of tangible capital assets	-	-	-	1,310	-	-	1,310
Balance, end of year	<u>7,097</u>	<u>2,992,931</u>	<u>114,447</u>	<u>711,504</u>	<u>30,005</u>	<u>4,411</u>	<u>3,861,705</u>
Accumulated amortization:							
Balance, beginning of year	-	(1,613,030)	(111,992)	(536,905)	(27,151)	(4,411)	(2,293,489)
Accumulated amortization Contributory	-	-	-	-	-	-	(452,177)
Annual amortization contributory	-	-	-	-	-	-	(73,796)
Annual amortization	-	(109,818)	(1,445)	(14,230)	(2,854)	-	(128,347)
Balance, end of year	<u>-</u>	<u>(1,722,848)</u>	<u>(113,437)</u>	<u>(551,135)</u>	<u>(30,005)</u>	<u>(4,411)</u>	<u>(2,947,809)</u>
Net book value of tangible capital assets	<u>\$7,097</u>	<u>\$1,270,083</u>	<u>\$ 1,010</u>	<u>\$161,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$913,896</u>

Total net book value of all tangible capital assets

\$102,779,427

The Municipality of the County of Colchester

Schedule of consolidated debt charges

Year ended March 31, 2021

	Fiscal Year of Issue	Fiscal Year of Maturity	Interest Rate	Balance March 31/20	Acquired	Redeemed	Balance March 31/21	Interest 2021	Serial Instalment 2021	Total Debt Charges
<u>Unmatured Debenture and Term Debt</u>										
Regional Hospital #1	2017	2032	1.809%-3.475%	\$ 133,332	\$ -	\$ 66,666	\$ 66,666	\$ 1,490	\$ 66,666	\$ 68,156
Brookfield Fire Hall	2017	2032	1.809%-3.475%	430,621	-	61,518	369,103	9,392	61,518	70,910
Civic Centre – Phase 1	2012	2022	3.471%-3.645%	1,523,270	-	188,400	1,334,870	52,500	188,400	240,900
Civic Centre – Phase 2	2013	2023	3.172%-3.480%	2,879,909	-	373,708	2,506,201	87,916	373,708	461,624
Civic Centre – Phase 3A	2013	2023	2.830%-3.160%	1,976,738	-	202,196	1,774,542	59,069	202,196	261,265
Civic Centre – Phase 3A1	2014	2024	2.454%-2.979%	1,724,100	-	169,600	1,554,500	45,821	169,600	215,421
Civic Centre – Phase 3B	2014	2024	3.005%-3.614%	1,092,200	-	108,200	984,000	36,929	108,200	145,129
WWTP Phase 4	2015	2030	2.516%-3.792%	2,424,443	-	161,629	2,262,814	80,335	161,629	241,964
Landfill cell and compost facility	2016	2031	1.833%-3.205%	1,720,000	-	107,500	1,612,500	47,198	107,500	154,698
Granville Drive sanitary sewer	2016	2031	1.833%-3.205%	2,080,000	-	130,000	1,950,000	57,076	130,000	187,076
WWTP Phase 5	2017	2032	1.809%-3.475%	1,785,000	-	105,000	1,680,000	51,543	105,000	156,543
Totals				\$ 17,769,613	\$ -	\$ 1,674,417	\$ 16,095,196	\$ 529,269	\$ 1,674,417	\$ 2,203,686

SUPPLEMENTARY SCHEDULES

The Municipality of the County of Colchester
Schedule of changes in Tatamagouche water
operating fund

Year ended March 31	2021 Budget	2021 Actual	2020 Actual
Revenues			
Sale of water	\$ 335,000	\$ 334,860	\$ 335,084
Public fire protection	72,000	71,829	70,407
Other	31,194	32,754	35,421
Total revenues	<u>438,194</u>	<u>439,443</u>	<u>440,912</u>
Expenses			
Source of supply	6,767	6,467	6,610
Power and pumping	41,765	36,267	39,368
Water treatment	106,138	109,679	113,383
Transmission and distribution	87,739	77,217	69,147
Administrative	69,988	63,836	80,699
Filter replacement	12,300	12,300	12,300
Depreciation	-	128,348	130,506
Depreciation – NSUARB	73,796	73,796	73,796
Taxes	28,019	28,019	28,012
Total expenses	<u>426,512</u>	<u>535,929</u>	<u>553,821</u>
Annual surplus (deficit)	\$ <u>11,682</u>	<u>(96,486)</u>	<u>(112,909)</u>
Transfer of depreciation expense		128,348	130,506
Transfer of depreciation expense – NSUARB		73,796	73,796
Net transfers to water capital fund, net		<u>(75,106)</u>	<u>(73,796)</u>
Change in surplus		30,552	17,597
Opening deficit		<u>(185,095)</u>	<u>(202,692)</u>
Closing deficit		\$ <u>(154,543)</u>	\$ <u>(185,095)</u>

The Municipality of the County of Colchester
Schedule of changes in Tatamagouche water
capital fund

Year ended March 31	2021 Budget	2021 Actual	2020 Actual
Revenues			
Capital funding	\$ <u>75,000</u>	\$ <u>-</u>	\$ <u>-</u>
Expenses			
Capital expenses	<u>75,000</u>	<u>1,310</u>	<u>-</u>
Annual (deficit) surplus	\$ <u>-</u>	<u>(1,310)</u>	<u>-</u>
Net transfers from water operating fund		<u>75,106</u>	<u>73,796</u>
Change in surplus		<u>73,796</u>	<u>73,796</u>
Opening surplus		<u>486,390</u>	<u>412,594</u>
Closing surplus		\$ <u>560,186</u>	\$ <u>486,390</u>

The Municipality of the County of Colchester

Schedule of changes in Debert water operating fund

Year ended March 31	2021 Budget	2021 Actual	2020 Actual
Revenues			
Sale of water	\$ 225,000	\$ 213,304	\$ 230,491
Public fire protection	136,358	136,054	128,898
Other	<u>5,800</u>	<u>12,123</u>	<u>6,460</u>
Total revenues	<u>367,158</u>	<u>361,481</u>	<u>365,849</u>
Expenses			
Source of supply	6,267	5,809	5,745
Power and pumping	68,409	44,650	66,590
Water treatment	42,302	45,690	60,006
Transmission and distribution	152,474	134,878	91,682
Administrative	67,353	58,753	59,030
Depreciation	-	163,999	150,659
Depreciation – NSUARB	<u>17,970</u>	<u>17,970</u>	<u>17,970</u>
Total expenses	<u>354,775</u>	<u>471,749</u>	<u>451,682</u>
Annual surplus (deficit)	\$ <u>12,383</u>	<u>(110,268)</u>	<u>(85,833)</u>
Transfer of depreciation expense		163,999	150,659
Transfer of depreciation expense – NSUARB		17,970	17,970
Net transfers to other funds, net		<u>(153,665)</u>	<u>(28,587)</u>
Change in surplus		(81,964)	54,209
Opening surplus		<u>185,662</u>	<u>131,453</u>
Closing surplus		\$ <u>103,698</u>	\$ <u>185,662</u>

The Municipality of the County of Colchester
 Schedule of changes in Debert water capital fund

Year ended March 31	2021 Budget	2021 Actual	2020 Actual
Revenues			
Capital funding	\$ <u>584,000</u>	\$ <u>165,706</u>	\$ <u>248,630</u>
Expenses			
Capital expenses	\$ <u>584,000</u>	\$ <u>419,322</u>	<u>401,677</u>
Annual deficit	\$ <u>-</u>	<u>(253,616)</u>	<u>(153,047)</u>
Net transfers from other funds		<u>271,586</u>	<u>171,017</u>
Change in surplus		<u>17,970</u>	<u>17,970</u>
Opening surplus		<u>367,280</u>	<u>349,310</u>
Closing surplus		\$ <u>385,250</u>	\$ <u>367,280</u>