

Consolidated Financial Statements

Municipality of the District of Chester

March 31, 2017

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Municipality of the District of Chester

Financial Statements

March 31, 2017

Management's Responsibility for the Consolidated Financial Statements


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

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

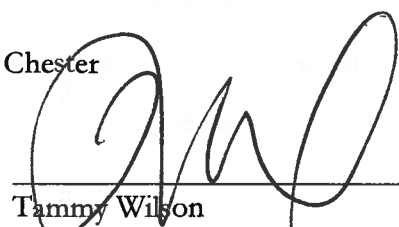
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Audit and Finance Committee. The Council reviews internal consolidated financial statements on a monthly basis and external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

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

On behalf of the Municipality of the District of Chester



Malcolm Pittman, CPA, CA
Director of Finance



Tammy Wilson
Chief Administrative Officer

August 31, 2017

Independent auditor's report

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To the Council of the Municipality of the District of Chester

We have audited the accompanying consolidated financial statements of Municipality of the District of Chester, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in net debt, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality of the District of Chester as at March 31, 2017, and the consolidated results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

We draw attention to Note 2 of the financial statements which describes the prior period adjustment. Our opinion is not qualified in respect of this matter.

Other Matters

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The Supplementary schedules on pages 22 – 27 are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subject to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.



Bridgewater, Canada
August 31, 2017

Chartered Professional Accountants
Licensed Public Accountants

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

Restated
(Note 2)
2016

Year Ended March 31

2017

	<u>Page</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue				
Taxes	22	\$ 10,854,895	\$ 10,919,846	\$ 10,326,442
Grants in lieu of taxes	23	177,045	173,713	169,480
Sales of services	23	3,701,852	4,567,150	4,026,247
Other revenue from own sources	23	790,027	645,251	825,468
Transfers from Federal and Provincial governments and agencies				
Unconditional	23	75,923	116,865	104,890
Conditional	24	6,500	111,262	289,783
Grants for capital projects	24	1,807,221	679,608	765,849
Interest		8,500	156,375	103,515
		<u>\$ 17,421,963</u>	<u>\$ 17,370,070</u>	<u>\$ 16,611,674</u>
Expenditures				
General government services	25	\$ 3,516,310	\$ 3,358,133	\$ 3,242,949
Protective services	26	2,591,930	2,398,401	2,419,780
Transportation services	26	841,072	802,361	780,820
Environmental health services	26	5,449,106	6,081,881	6,054,583
Environmental development services	26	1,353,982	1,174,752	1,389,082
Recreational and cultural services	27	957,133	858,306	981,548
Loss on disposal of assets		-	341,614	-
		<u>\$ 14,709,533</u>	<u>\$ 15,015,448</u>	<u>\$ 14,868,762</u>
Annual surplus		<u>\$ 2,712,430</u>	<u>\$ 2,354,622</u>	<u>\$ 1,742,912</u>
Accumulated surplus, beginning of the year			20,098,352	18,807,389
Prior period adjustment (Note 2)			-	(451,949)
Accumulated surplus, beginning of the year restated			-	18,355,440
Accumulated surplus, end of the year			<u>\$ 22,452,974</u>	<u>\$ 20,098,352</u>

See accompanying notes and schedules to the consolidated financial statements.

Municipality of the District of Chester
Consolidated Statement of Change in Net Assets (Debt)
Year Ended March 31

Restated
(Note 2)
2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual Surplus	\$ 2,712,430	\$ 2,354,622	\$ 1,742,912
Acquisition of tangible capital assets	(3,562,025)	(1,131,374)	(2,018,795)
Write off of tangible capital assets	-	341,614	132,425
Amortization of tangible capital assets	<u>2,213,961</u>	<u>2,357,166</u>	<u>2,302,931</u>
	1,364,366	3,922,028	2,159,473
(Increase) decrease in prepaid expense	<u>-</u>	<u>72,767</u>	<u>(59,374)</u>
Increase in net assets	1,364,366	3,994,795	2,100,099
Net assets (debt)			
Beginning of year	<u>(2,484,993)</u>	<u>(2,484,993)</u>	<u>(4,585,092)</u>
End of year	\$ (1,120,627)	\$ 1,509,802	\$ (2,484,993)

See accompanying notes and schedules to the consolidated financial statements.

Municipality of the District of Chester
Consolidated Statement of Financial Position
 March 31

Restated
 (Note 2)
 2016

Financial Assets

Cash and cash equivalents (Note 5)	\$ 15,507,929	\$ 12,847,709
Receivables (Note 6)	3,391,673	2,684,453
	<u>18,899,602</u>	<u>15,532,162</u>

Liabilities

Short term borrowings	-	450,738
Payables and accruals	1,391,020	1,851,185
Employee future benefits (Note 7)	248,333	247,006
Deferred revenue (Note 8)	303,688	294,788
Tax sale surplus (Note 9)	181,099	186,479
Landfill closure costs (Note 16)	6,273,280	4,861,846
Long term debt (Note 10)	8,992,380	10,125,113
	<u>17,389,800</u>	<u>18,017,155</u>

NET ASSETS (DEBT)

1,509,802 (2,484,993)

Non-Financial Assets

Tangible capital assets (Note 11)	20,903,691	22,471,097
Prepays	29,222	101,989
Other	10,259	10,259
	<u>20,943,172</u>	<u>22,583,345</u>

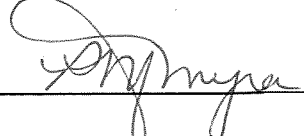
ACCUMULATED SURPLUS (Note 13)

\$ 22,452,974 \$ 20,098,352

Commitments (Note 17)
 Contingencies (Note 21)
 Subsequent events (Note 22)

On behalf of the Municipality of the District of Chester


 _____ Warden


 _____ Clerk

See accompanying notes and schedules to the consolidated financial statements.

Municipality of the District of Chester
Consolidated Statement of Cash Flows

Restated
(Not 2)

Year Ended March 31

2017

2016

Operating activities

Net revenue	\$ 2,354,622	\$ 1,742,912
Amortization	2,357,166	2,302,931
Write off of tangible capital assets	<u>341,614</u>	<u>132,425</u>
	5,053,402	4,178,268
Changes in non-cash working capital		
Decrease (increase) in receivables	(707,220)	(302,577)
(Decrease) increase in prepaid expenses	72,767	(59,374)
Decrease (increase) in payables	(460,165)	334,717
Increase in employee future benefits	1,327	47,501
(Decrease) increase in deferred revenue	8,900	(40,500)
(Decrease) increase in tax sale surplus	(5,380)	70,099
Increase in landfill closure costs	<u>1,411,434</u>	<u>1,409,909</u>
	5,375,065	5,638,043

Capital transactions

Acquisition of tangible capital assets	<u>(1,131,374)</u>	<u>(2,018,795)</u>
	(1,131,374)	(2,018,795)

Financing activities

Proceeds from issuance of short term debt		
Capital asset loans	-	450,738
Proceeds from issuance of long term debt		
Capital asset loans	521,000	3,000,000
Repayment of short term debt		
Capital asset loans	(450,738)	(2,275,980)
Repayment of long term debt		
Capital asset loans	(1,653,733)	(1,434,933)
On behalf of other local governments	-	(7,695)
	<u>(1,583,471)</u>	<u>(267,870)</u>
Change in net cash and cash equivalents	2,660,220	3,351,378
Cash and cash equivalents		
Beginning of year	<u>12,847,709</u>	<u>9,496,331</u>
End of year	\$ 15,507,929	\$ 12,847,709

See accompanying notes and schedules to the consolidated financial statements.

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

March 31, 2017

1. Significant accounting policies

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

a) Reporting entity

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

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

b) Basis of accounting

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

c) Valuation allowance

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

d) Cash and cash equivalents

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

e) Use of Estimates

The presentation of financial statements, in conformity with Canadian Public Sector Accounting Standards, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those reported.

f) Landfill Closure Costs

Landfill closure and post closure costs are recognized as the landfill site's capacity is used. Usage is measured based on tonnes of waste added to the site. Landfill closure and post closure costs are discounted using the Municipality's average rate earned on funds invested for future landfill closure and post-closure expenses.

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

March 31, 2017

1. Significant accounting policies (continued)

g) Revenue and Expenditure

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

Tax and Related Revenue

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Property Valuation Services Corporation. Tax rates are established annually by Council during the budget approval process.

Tax adjustments as a result of appeals and re-assessment are recorded when the result of the appeals process is known.

Government Transfers

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

Other Revenues

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

h) Tangible Capital Assets

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

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

Full amount of the annual amortization is charged in the year of acquisition except for wind turbines.

Wind turbines are amortized beginning on the date power generation occurs in accordance with the provincial community feed-in tariff (COMFIT) program agreement. Assets under construction are not amortized until the asset is available for productive use.

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

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

March 31, 2017

2. Prior Period Adjustment

During the year, management determined that the landfill closure liability had been understated by \$1,098,220 in fiscal 2016. The error was due to omitting the impact of inflation in the determination of the estimated total liability. A portion of the landfill closure costs are shared with the Valley Region solid Waste Authority and therefore the landfill revenue and accounts receivable related to this cost sharing arrangement were understated by \$476,210.

As a result of the error, the following accounting balances as at March 31, 2016 have been increased (decreased) as follows:

	As previously reported	Adjustment	As restated
<u>Statement of financial position</u>			
Accounts receivable	\$ 2,208,243	\$ 476,210	\$ 2,684,453
Landfill closure liability	3,763,618	1,098,228	4,861,846
Accumulated surplus	20,720,370	(622,018)	20,098,352
<u>Statement of financial activities</u>			
Sales of Services - Revenue	3,851,336	174,911	4,026,247
Environmental Health Services - Expense	5,709,604	344,979	6,054,583
Opening Equity	18,807,389	(451,949)	18,355,440
Annual surplus	1,912,981	(170,069)	1,742,912

3. Contributions to Boards and Commissions

The Municipality of the District of Chester, along with other municipal units in Lunenburg County, is required to finance the operations of various boards and regional authorities.

Lunenburg County Regional Housing Authority

11.00% interest in Western Shore Unit

11.00% interest in New Ross Unit

During 2017, the Municipality incurred costs payable of \$16,685 (2016 - \$18,362) to the Lunenburg County Regional Housing Authority as its share of operations.

South Shore Regional Library board - 17.94% interest

During 2017, the Municipality paid \$68,035 (2016 - \$68,035) to the South Shore Regional Library Board.

Regional Economic Network

During 2017, the Municipality paid \$45,794 (2016 - \$62,464) to the Regional Economic Network.

4. Contributions to Provincial Government Departments & Agencies

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

Corrections Contribution

During 2017, the Municipality paid \$235,698 (2016 - \$236,441) as its share of operations towards corrections facilities in Lunenburg County.

Education Contribution

The required contribution to the South Shore Regional School Board is calculated using the mandatory municipal education rate (set by the Minister of Education) times the Municipality's uniform assessment. For 2016/17 the education tax rate of \$.30480 (2015/16 - \$.30480) per \$100 of uniform assessment times the uniform assessment of \$1,509,852,243 (2015/16 - \$1,459,018,213) for a total amount paid of \$4,602,030 (2015/16 - \$4,447,088).

Assessment Services Contribution

The required contribution for assessment services is calculated first using an amount, set by the Property Valuation Services Corporation (PVSC), to be recovered from all municipal units for 2016/17 \$17,090,000 (2015/16 - \$17,090,000). Fifty percent of this recovery amount is allocated among municipal units using each unit's uniform assessment as a percentage of provincial uniform assessment. The other fifty percent is allocated using each unit's number of assessment accounts as a percentage of the provincial assessment accounts. During 2016/17 the Municipality paid \$340,514 (2015/16 - \$341,463) to the PVSC for assessment services.

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

March 31, 2017

5. Cash and cash equivalents

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

	<u>Operating</u>	<u>Capital</u>	<u>Reserves</u>	<u>2017</u>	<u>2016</u>
Cash	\$ 1,736,769	\$ 50,670	\$ 2,121,447	\$ 3,908,886	\$ 3,722,386
Short term investments (GICs)			11,599,043	11,599,043	9,125,323
	<u>\$ 1,736,769</u>	<u>\$ 50,670</u>	<u>\$ 13,720,490</u>	<u>\$ 15,507,929</u>	<u>\$ 12,847,709</u>

Included in the cash and cash equivalents are restricted amounts. The gas tax grant program funds are restricted to eligible capital projects. The landfill closure funds are restricted by provincial regulations to fund landfill closure costs.

The tax sale surplus funds are restricted as they are required to be held as described in Note 9.

	<u>Operating</u>	<u>Capital</u>	<u>Reserves</u>	<u>2017</u>	<u>2016</u>
Gas tax grant program			\$ 1,326,855	\$ 1,326,855	\$ 1,174,527
Tax sale surplus account	\$ 181,953			181,953	116,415
Landfill closure costs			4,888,463	4,888,463	4,172,779
Unrestricted cash	1,554,816	50,670	7,505,172	9,110,658	7,383,989
	<u>\$ 1,736,769</u>	<u>\$ 50,670</u>	<u>\$ 13,720,490</u>	<u>\$ 15,507,929</u>	<u>\$ 12,847,709</u>

6. Receivables

	<u>Current Year</u>	<u>2016</u>	<u>2015 and Prior</u>	<u>2017 Total</u>	<u>2016 Total</u>
Taxes receivable - rate roll:					
Balance, beginning of year	\$ -	\$ 829,574	\$ 355,648	\$ 1,185,222	\$ 1,243,690
Collections for other governments	1,455,441	-	-	1,455,441	1,482,269
Current year's levy	<u>13,787,526</u>	<u>-</u>	<u>-</u>	<u>13,787,526</u>	<u>13,817,059</u>
	<u>15,242,967</u>	<u>829,574</u>	<u>355,648</u>	<u>16,428,189</u>	<u>16,543,018</u>
Deduct					
Current year's collections	14,188,297	475,593	166,134	14,830,024	15,093,023
Reduced taxes	234,840	-	-	234,840	244,780
Write-offs	3,214	2,695	3,319	9,228	19,993
	<u>14,426,351</u>	<u>478,288</u>	<u>169,453</u>	<u>15,074,092</u>	<u>15,357,796</u>
Balance, end of year	<u>\$ 816,616</u>	<u>\$ 351,286</u>	<u>\$ 186,195</u>	<u>1,354,097</u>	<u>1,185,222</u>
Allowance for uncollectible taxes & unresolved assessments				(76,073)	(75,379)
Allowance for other doubtful accounts				(27,230)	(17,263)
Taxes receivable - interest				144,344	108,457
Billing receivable - water utility				(42)	(42)
HST receivable				81,405	176,094
Due from Federal Government				-	10,486
Due from Provincial Government				109,384	185,975
Due from other local governments				1,139,979	527,306
Landfill receivable				387,580	238,855
Other				278,229	344,742
Balance, end of year				<u>\$ 3,391,673</u>	<u>\$ 2,684,453</u>

Included in other receivables is a loan receivable in the amounts of \$34,000 (2016 - \$102,000) and \$70,800 (2016 - \$106,200) receivable from the residents serviced by the former Mill Cove Water Utility and the Aspotogan Heritage Trust respectively. The amounts receivable are for construction of private wells as agreed upon on the decommissioning of the Mill Cove Water Utility.

The amount is scheduled to be repaid by residents over the next 4 years through collection of area rates and over the next four years from the Aspotogan Heritage Trust.

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

March 31, 2017

7. Employee Future Benefits - Non-Vested Sick Leave Benefits

The Municipality of the District of Chester provides non-vested sick leave benefits to Municipal employees. Municipal employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the consolidated financial statements. The most recent actuarial valuation was conducted on July 12, 2017.

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

	<u>2017</u>
Accrued benefit liability	
Accrued benefit obligation, beginning of the year	\$ 247,006
Current service cost for the year	14,958
Interest cost for the year	6,115
Amortization of experience gains	
Fiscal payments for employees	<u>(19,746)</u>
Expected benefit obligation	248,333
Unamortized Actuarial losses (gains)	<u>(98,302)</u>
Actual benefit obligation	<u>\$ 150,031</u>
 Employee future benefits, non-vested sick leave benefits	
Current service costs	\$ 14,958
Interest cost for the year	6,115
Amortization of experience gains	-
	<u>\$ 21,073</u>

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

Discount rate	2.5%
Retirement age at age 65	
Rate of compensation increase	3.0%

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

8. Deferred revenue

Funds received with specific spending criteria and stipulations that result in a liability, are recorded in deferred revenue until these funds are spent on eligible expenditures.

	<u>2017</u>	<u>2016</u>
Prepayment of Taxes	\$ 131,804	\$ 102,587
Other deferred revenue	<u>171,884</u>	<u>192,201</u>
Total Deferred Revenue	<u>\$ 303,688</u>	<u>\$ 294,788</u>

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

March 31, 2017

9. Tax sale surplus account

The Municipality of the District of Chester is required to deposit in a tax sale surplus account the balance of proceeds of properties sold for taxes, after deducting the taxes owing to the Municipality at the time a property was sold. Where a balance remains in the tax sale surplus account twenty years after the sale, the Municipality is required to transfer it to the Capital Reserve Fund. There is no tax sale surplus from the 1996-97 fiscal year that needs to be transferred to the Capital Reserve Fund in the 2017-18 fiscal year. As per provincial accounting rules for municipalities the tax sale surplus is shown as a liability on the consolidated financial statements.

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

	<u>2017</u>	<u>2016</u>
1996 \$	-	\$ 854
1999	4,224	4,224
2000	1,024	1,024
2001	2,010	2,010
2003	8,396	8,396
2005	8,267	8,267
2011	20,717	20,717
2012	10,040	10,040
2014	59,147	59,147
2015	1,000	1,000
2016	65,484	70,064
Accumulated interest	<u>790</u>	<u>736</u>
	\$ 181,099	\$ 186,479

10. Long term debt

Capital asset loans

Municipal Finance Corporation debenture, bearing interest from 5.45% - 5.75%, repayable in annual instalments of \$32,667 plus interest, maturing in 2020. The original debenture of \$490,000 was taken out in 2004 for Recreation and Culture use.

	<u>2017</u>	<u>2016</u>
	\$ 97,998	\$ 130,664

Municipal Finance Corporation debenture, bearing interest from 4.44% - 4.83%, repayable in annual instalments of \$62,500 plus interest, maturing in 2021. The original debenture of \$1,250,000 was taken out in 2006 for environmental health services use.

562,500	625,000
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Municipal Finance Corporation debenture, bearing interest from 4.285% - 4.590%, repayable in annual instalments of \$50,000 plus interest, maturing in 2022. The original debenture of \$1,000,000 was taken out in 2007 for environmental health services use.

500,000	550,000
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Municipal Finance Corporation debenture, bearing interest from 4.565% - 5.480%, repayable in annual instalments of \$63,784 plus interest, maturing in 2024. The original debenture of \$1,067,670 was taken out in 2008 for environmental health services use.

557,398	621,182
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Municipal Finance Corporation debenture, bearing interest from 3.212% - 4.889%, repayable in annual instalments of \$59,200 plus interest, maturing in 2020. The original debenture of \$592,000 was taken out in 2009 for environmental health and transportation services use.

177,600	236,800
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Municipal Finance Corporation debenture, bearing interest from 2.491% - 3.115%, repayable in annual instalments of \$278,600 plus interest, maturing in 2017. The original debenture of \$1,393,000 was taken out in 2011 for environmental health services use.

-	278,600
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Municipality of the District of Chester
Notes to the Consolidated Financial Statements

March 31, 2017

10. Long term debt (continued)

Municipal Finance Corporation debenture, bearing interest from 1.905% - 3.480%, repayable in annual instalments of \$63,000 plus interest, maturing in 2023. The original debenture of \$630,000 was taken out in 2012 for environmental health and general government services use.	378,000	441,000
Municipal Finance Corporation debenture, bearing interest from 1.330% - 2.979%, repayable in annual instalments of \$113,650 plus interest, maturing in 2024. The original debenture of \$794,500 was taken out in 2013 for environmental health services use.	453,550	567,200
Municipal Finance Corporation debenture, bearing interest from 1.245% - 3.792%, repayable in annual instalments of \$330,333 plus interest, maturing in 2030. The original debenture of \$4,005,000 was taken out in 2015 for environmental health and environmental development services use.	3,344,334	3,674,667
Municipal Finance Corporation debenture, bearing interest from 1.011% - 1.833%, repayable in annual instalments of \$600,000 plus interest, maturing in 2021. The original debenture of \$3,000,000 was taken out in 2016 for environmental health.	2,400,000	3,000,000
Municipal Finance Corporation debenture, bearing interest from 1.15% - 2.925%, repayable in annual instalments of \$62,700 plus interest, maturing in 2027. The original debenture of \$521,000 was taken out in 2016 for environmental health.	521,000	-
	\$ 8,992,380	\$ 10,125,126

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

2018	\$	1,437,833
2019	\$	1,437,833
2020	\$	1,369,433
2021	\$	1,495,067
2022	\$	770,067

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

Interest expensed on long term debt during the year was \$266,298 (2016 - \$285,751).

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

March 31, 2017

11. Capital assets	Opening Cost	Additions	Disposals	Transfers	Ending Cost
Buildings - Plants	\$ 7,977,310	\$ 20,040	\$ -	\$ -	\$ 7,997,350
Electronic Data Equipment	919,314	178,998	-	-	1,098,312
Lagoons	113,516	-	-	-	113,516
Land	1,696,461	-	-	-	1,696,461
Land Improvements	1,996,024	121,879	-	-	2,117,903
Landfill	11,855,785	-	-	-	11,855,785
Machinery and Equipment	3,224,554	51,930	-	26,656	3,303,140
Municipal Buildings	2,715,494	138,604	-	173,940	3,028,038
Sewer Lines	7,304,802	49,823	-	-	7,354,625
Sidewalks	2,483,122	-	-	219,237	2,702,359
Small Equipment	302,986	6,184	-	-	309,170
Streets, Roads & Curbs	5,641,442	309,461	-	27,070	5,977,973
Vehicles	392,085	48,770	-	-	440,855
Wharves	191,210	-	-	-	191,210
Wind Turbine	5,123,893	-	-	-	5,123,893
Work in Progress	964,155	205,685	(341,614)	(446,903)	381,323
	<u>\$ 52,902,153</u>	<u>\$ 1,131,374</u>	<u>\$ (341,614)</u>	<u>\$ -</u>	<u>\$ 53,691,913</u>

	Opening Accumulated Amortization	Amortization During the Year	Amortization on Disposals	Ending Accumulated Amortization
Buildings - Plants	\$ 4,867,672	\$ 252,320	\$ -	\$ 5,119,992
Electronic Data Equipment	693,481	118,949	-	812,430
Lagoons	11,352	11,352	-	22,704
Land	-	-	-	-
Land Improvements	935,891	107,689	-	1,043,580
Landfill	9,447,429	797,623	-	10,245,052
Machinery and Equipment	2,341,444	254,832	-	2,596,276
Municipal Buildings	1,135,612	76,116	-	1,211,728
Sewer Lines	5,117,595	147,018	-	5,264,613
Sidewalks	1,233,701	105,270	-	1,338,971
Small Equipment	280,947	7,859	-	288,806
Streets, Roads & Curbs	3,419,633	175,299	-	3,594,932
Vehicles	321,013	38,798	-	359,811
Wharves	93,351	7,648	-	100,999
Wind Turbines	531,935	256,393	-	788,328
	<u>\$ 30,431,056</u>	<u>\$ 2,357,166</u>	<u>\$ -</u>	<u>\$ 32,788,222</u>

	NBV 2017	NBV 2016
Buildings - Plants	\$ 2,877,358	\$ 3,109,638
Electronic Data Equipment	285,882	225,833
Lagoons	90,812	102,164
Land	1,696,461	1,696,461
Land Improvements	1,074,323	1,060,133
Landfill	1,610,733	2,408,356
Machinery and Equipment	706,864	883,110
Municipal Buildings	1,816,310	1,579,882
Sewer Lines	2,090,012	2,187,207
Sidewalks	1,363,388	1,249,421
Small Equipment	20,364	22,039
Streets, Roads & Curbs	2,383,041	2,221,809
Vehicles	81,044	71,072
Wharves	90,211	97,859
Wind Turbines	4,335,565	4,591,958
Work in Progress	381,323	964,155
	<u>\$ 20,903,691</u>	<u>\$ 22,471,097</u>

Municipality of the District of Chester

Notes to the Consolidated Financial Statements

March 31, 2017

12. Financial Instruments

Financial instruments are any contract that gives rise to financial assets of one entity and financial liabilities of another entity. Financial assets represent a contractual right to receive cash, or assets that can be used to discharge liabilities, in the future. Financial liabilities represent a contractual obligation to deliver cash, or another financial asset, in the future. The Municipality of the District of Chester's financial assets include cash and cash equivalents, portfolio investments and receivables. The Municipality's financial liabilities include payables and accruals and long term debt.

Risk Management

The Municipality is exposed to a number of risks as a result of the financial instruments in its Statement of Financial Position that can affect its operating performance. These risks include interest rate risk, market risk, credit risk, liquidity risk and foreign exchange risk.

Interest rate risk

Interest rate risk is the risk relating to fluctuating changes in the market interest rate impacting the value of financial instruments. For financing the Municipality does not have any variable interest rate debt as all long term debt has fixed rates. Therefore, interest rate fluctuations have no effect until such time as the debt is refinanced. Note 8 describes future debt principal repayments. For portfolio investments the Municipality mitigates risk by diversification with multiple short term fixed rate guaranteed investment certificates.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. The Municipality's objective places greater relevant importance to the preservation of capital than a competitive return on portfolio investments which is why cash is invested in GICs.

Credit risk

The Municipality is exposed to credit risk with respect to accounts receivable and loans receivable as described in Note 5. The Municipality has a credit monitoring process to mitigate potential credit risks and maintains provisions for potential credit losses that are assessed on an ongoing basis.

Liquidity risk

The Municipality has contractual obligations and financial liabilities, therefore, is exposed to liquidity risk. The Municipality monitors its liquidity risk by updating and reviewing multi-year cash flow projections on a regular and as needed basis, and by matching its long term financing arrangements with its cash flow needs.

Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency. The Municipality's exposure is minor as it only occasionally makes payments denominated in foreign currencies and the amounts are small.

Capital management

The Municipality's capital management focus is on ensuring liquid resources are available for operations. This objective is considered by the Municipality in the preparation of the annual budget, in the monitoring of cash flows and in the monitoring of actual results compared to budget. As of March 31, 2017, the Municipality has met its objective of having sufficient liquid resources to meet its current obligations.

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

March 31, 2017

13. Accumulated Surplus

	<u>Operating</u>	<u>Capital</u>	<u>Reserves</u>	<u>2017</u>	<u>Restated 2016</u>
Accumulated Surplus, beginning of the year	\$ 2,086,886	\$ 9,576,857	\$ 9,095,708	\$ 20,759,451	\$ 18,807,389
Prior period adjustment	(153,588)	-	(507,511)	(661,099)	-
Accumulated Surplus, beginning restated	<u>1,933,298</u>	<u>9,576,857</u>	<u>8,588,197</u>	<u>20,098,352</u>	<u>18,807,389</u>
Financial activities					
<u>Revenue (fund transfer)</u>					
Repayment of debt	(1,653,733)	1,653,733	-	-	-
Capital fund acquisitions	(1,131,374)	1,131,374	-	-	-
Other revenue	22,066,622	8,020	142,963	22,217,605	21,614,864
Transfer to reserves	(2,740,329)	-	2,740,329	-	-
	<u>16,541,186</u>	<u>2,793,127</u>	<u>2,883,292</u>	<u>22,217,605</u>	<u>21,614,864</u>
<u>Expenditures (transfer)</u>					
Capital asset write off	-	341,614	-	341,614	132,425
Amortization	(2,357,166)	2,357,166	-	-	-
Other expenditures (incl amortization)	18,109,934	-	1,411,435	19,521,369	20,191,476
	<u>15,752,768</u>	<u>2,698,780</u>	<u>1,411,435</u>	<u>\$ 19,862,983</u>	<u>20,323,901</u>
Annual surplus	788,418	94,347	1,471,857	2,354,622	1,290,963
Accumulated Surplus, end of the year	<u>\$ 2,721,716</u>	<u>\$ 9,671,204</u>	<u>\$ 10,060,054</u>	<u>\$ 22,452,974</u>	<u>\$ 20,098,352</u>
Financial position					
Cash	\$ 1,736,714	\$ 50,670	\$ 13,720,491	\$ 15,507,875	\$ 12,847,709
Receivables	3,391,673	-	-	3,391,673	2,684,453
Due to own funds	(322,068)	(2,290,777)	2,612,845	-	-
	<u>4,806,319</u>	<u>(2,240,107)</u>	<u>16,333,336</u>	<u>18,899,548</u>	<u>15,532,162</u>
Borrowings, Payables and deferred revenue	2,124,086	-	-	2,124,086	3,030,196
Landfill closure costs	-	-	6,273,280	6,273,280	4,861,846
Long term debt	-	8,992,380	-	8,992,380	10,125,113
	<u>2,124,086</u>	<u>8,992,380</u>	<u>6,273,280</u>	<u>17,389,746</u>	<u>18,017,155</u>
Net assets (debt)	2,682,233	(11,232,487)	10,060,056	1,509,802	(2,484,993)
Non-financial assets	39,481	20,903,691	-	20,943,172	22,583,345
Accumulated Surplus	<u>\$ 2,721,714</u>	<u>\$ 9,671,204</u>	<u>\$ 10,060,056</u>	<u>\$ 22,452,974</u>	<u>\$ 20,098,352</u>

14. District School Board

On January 31, 1982, the Municipality of the District of Chester joined with the other Municipality and Towns of Lunenburg County to form the South Shore District School Board. Under the agreement, all school buildings on hand at December 31, 1981, will remain assets of the Municipality, but will be under the control of the District School Board until such time as the Board no longer requires the asset for school purposes. At that time, control will revert to the Municipality. The South Shore District School Board was subsequently amalgamated with other boards to become the South Shore Regional School Board.

15. Pension plans

Defined Contribution Plan

The Municipality of the District of Chester currently makes contributions to a pension plan on behalf of employees who have opted to participate in the plan. The pension plan is a defined contribution plan and is administered by Standard Life Assurance Company on behalf of the Municipality. Contributions to this plan are shared by the Municipality and its employees with both contributing 6% (2016 - 5%) of base salary. During the year the Municipality contributed \$165,230 (2016 - \$135,118) to the pension plan.

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

March 31, 2017

16. Landfill closure costs

Landfill closure costs include estimated expenses for capping the cell sites as well as ongoing environmental monitoring and care. The liability for closure costs is accrued each year based on the total tonnes of garbage delivered to the landfill compared to the estimated tonnes of landfill capacity. The estimated total of landfill closure and post closure costs at the start of the second generation landfill was \$6,755,143.

Management continued the process of revisiting the landfill closure and post closure costs during the current year. The Municipality uses an engineering report dated June 2016 to update estimated landfill closure and post closure costs. Management will continue to monitor its estimate in future years. Based on information currently available, management estimates that the total landfill closure and post closure costs are \$9,835,350 when site capacity is completely utilized. The total liability recognized to date of \$6,273,280 is based on the capacity of the site utilized to date. The remaining \$3,562,070 will be recognized as the landfill capacity is utilized each year.

The estimated remaining capacity of the site is 255,877 tonnes which is currently expected to be filled over the next 6 years.

A portion of the total current cost of landfill closure and post-closure care is being transferred into the Special Reserve Fund - Capital Reserve Section in each period the landfill accepts solid waste in the amount equal to the change in the closure liability recognized each year. The total amount for landfill closure costs in reserve is \$6,273,280.

The estimated time for post closure care is 30 years.

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

17. Commitments

Solid Waste - Sales of Services

The Municipality of the District of Chester has contractually entered into agreements with the Valley Region Solid Waste Authority for the next 19 years, and the Town of Lunenburg and the Lunenburg Regional Solid Waste Management Committee for the next 9 years, to accept solid waste at its second generation landfill site fees charged to Valley Region Solid Waste Authority are a proportionate share of operating costs calculated annually on the basis of tonnes delivered to the site as a percentage of total tonnes accepted from all sources. Fees charged to the Town of Lunenburg and the Lunenburg Regional Solid Waste Management Committee are based on a per tonne charge which is adjusted annually for inflation. The Municipality of the District of Chester collects a host community fee from users based on the number of tonnes delivered to the landfill site.

In order to fulfill the terms associated with these arrangements it is estimated the Municipality will be required to complete construction of three solid waste cells for the duration of the agreements (see Note 22).

Solid Waste - Processing of Waste Agreement

In August 2016 the Municipality of the District of Chester entered into an agreement with Sustane Chester Inc. to provide Sustane with all municipal solid waste (MSW) for 20 years after construction of their facility (estimated to be during Q4 2017) on land leased from the Municipality. The Municipality will pay Sustane a base fee per tonne for waste delivered to Sustane's facility. Sustane will separate MSW and convert it into marketable by-products with the goal to reduce MSW going to the landfill (up to 90%), create employment in the region, increase recycling rates and reduce the carbon footprint of the landfill site. Sustane will pay the Municipality a fee per tonne for any residual waste that cannot be processed and must go to the landfill. An estimate of the financial impact on future operations cannot be made at this time.

Waste Collection

In August 2014, the Municipality signed a contract for waste collection services with a 5 year term expiring in March 2019. Total payments remaining over the next 2 years amount to \$1,445,388 plus HST.

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

March 31, 2017

18. Remuneration

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

<u>Councilor</u>	<u>Remuneration</u>	<u>Mileage</u>	<u>Expenses</u>	<u>2017</u>	<u>2016</u>
				<u>Total</u>	<u>Total</u>
Brad Armstrong	\$ 10,655	\$ 72	\$ -	10,727	18,773
Danielle Barkhouse	8,041	214	1,488	9,743	-
Sharon Church-Cornelius	18,696	805	4,285	23,786	19,265
Tina Connors	18,696	4,394	1,166	24,256	23,020
Robert Myra	1,558	49	-	1,607	21,174
Abdella Assaff	8,041	534	12	8,587	-
Floyd Shatford	21,058	1,799	58	22,915	23,022
Andre Veinotte	18,696	-	3,441	22,137	18,974
Allen Webber	39,395	653	5,269	45,317	40,282
<u>Staff</u>					
Tammy Wilson	139,771	2,736	8,857	151,364	146,392
	<u>\$ 284,607</u>	<u>\$ 11,256</u>	<u>\$ 24,576</u>	<u>\$ 320,439</u>	<u>310,902</u>

19. Segmented Information

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

Municipal services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows.

General government services

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

Protective services

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

Transportation services

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

Environmental health services

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

Environmental development services

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

Recreational and cultural services

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

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

March 31, 2016

19. Segmented Information (continued)

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation and Culture Services	2017 Consolidated	Restated 2016 Consolidated
Revenue								
Taxes	\$ 7,700,193	\$ 35,121	\$ 238,035	\$ 2,289,923	\$ 656,574	\$ -	\$ 10,919,846	\$ 10,326,442
Grants in lieu of taxes	168,464	5,249	-	-	-	-	173,713	169,480
Sales of Services	20,637	24,400	-	3,631,534	776,775	113,804	4,567,150	4,026,247
Other revenue from own sources	223,389	27,770	16,237	347,119	30,736	-	645,251	825,468
Unconditional transfers from other governments	6,736	-	-	110,129	-	-	116,865	104,890
Conditional transfers from other governments	111,262	-	-	-	-	-	111,262	289,783
Grants for capital projects	679,608	-	-	-	-	-	679,608	765,849
Interest	156,375	-	-	-	-	-	156,375	103,515
	<u>9,066,664</u>	<u>92,540</u>	<u>254,272</u>	<u>6,378,705</u>	<u>1,464,085</u>	<u>113,804</u>	<u>17,370,070</u>	<u>16,611,674</u>
Expenditures								
Salaries and benefits	1,502,791	328,197	14,398	920,530	503,146	500,617	3,769,679	3,861,489
Goods and services	765,524	2,070,204	535,495	3,451,927	260,154	204,233	7,287,537	7,366,543
Gov't transfers & board contributions	408,548	-	-	-	-	-	408,548	409,497
Amortization	175,507	-	238,268	1,550,620	291,953	100,818	2,357,166	2,302,932
Interest	2,992	-	14,200	158,805	91,801	5,949	273,747	308,268
Other	844,384	-	-	-	27,699	46,688	918,771	620,038
	<u>3,699,746</u>	<u>2,398,401</u>	<u>802,361</u>	<u>6,081,882</u>	<u>1,174,753</u>	<u>858,305</u>	<u>15,015,448</u>	<u>14,868,767</u>
Annual surplus	\$ 5,366,918	\$ (2,305,861)	\$ (548,089)	\$ 296,823	\$ 289,332	\$ (744,501)	\$ 2,354,622	\$ 1,742,907
Supplementary Information								
Add Back								
Depreciation	\$ 175,507	\$ -	\$ 238,268	\$ 1,550,620	\$ 291,953	\$ 100,818	\$ 2,357,166	\$ 2,302,932
Less								
Debtenture Principle Payments	(16,000)	-	(67,198)	(1,302,536)	(235,333)	(32,666)	(1,653,733)	(1,109,601)
Transfers to Reserves	(1,153,145)	-	-	(1,599,418)	(983,992)	(5,000)	(3,741,555)	(1,467,153)
Segment Surplus (Deficit)	<u>\$ 4,373,280</u>	<u>\$ (2,305,861)</u>	<u>\$ (377,019)</u>	<u>\$ (1,054,511)</u>	<u>\$ (638,040)</u>	<u>\$ (681,349)</u>	<u>\$ (683,500)</u>	<u>\$ 1,469,085</u>

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

March 31, 2017

20. Loan guarantees

The Municipality has guaranteed a loan for the Hubbards and District Fire Commission for the purchase of a fire vehicle in the amount of \$350,000.

The balance outstanding as of March 31, 2017 is \$87,870 (2016 - \$117,456). Interest is calculated at prime and principal payments are \$29,586 per year. The loan matures on June 4, 2019.

21. Contingency

The Municipality is required to comply with new environmental legislation related to waste water treatment. As a result the Municipality is required to complete upgrades to their current waste water treatment system over the next 3 years.

Currently the Municipality has not entered into any contracts to complete the necessary upgrades. Internal engineering staff have estimated that the costs to be incurred over the next four years will be approximately \$3,800,000.

22. Subsequent Events

Solid Waste - Landfill cell construction

In April 2017 Municipal Council awarded a tender for the construction of a landfill cell at Kaizer Meadow landfill in the amount of \$2,398,000 plus HST.

23. Comparative figures

Certain of the 2016 comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

24. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Council of the Municipality of the District of Chester.

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

Year Ended March 31

2017

Restated

2016

REVENUE	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Residential assessable property	\$ <u>9,516,075</u>	\$ <u>9,472,450</u>	\$ 9,378,158
Commercial based taxable assessments	<u>1,355,909</u>	<u>1,347,645</u>	1,369,194
Resource			
Taxable assessments	296,895	293,024	287,176
Non-profit acreage	4,360	4,360	4,152
Forest property tax (less than 50,000 acres)	27,211	27,334	27,439
Forest property tax (50,000 acres or more)	<u>8,590</u>	<u>8,590</u>	8,590
	<u>337,056</u>	<u>333,308</u>	<u>327,357</u>
Area rates			
Protective services	275,990	277,110	276,820
Transportation services	238,650	238,035	258,209
Environmental Health services	<u>2,329,112</u>	<u>2,289,923</u>	2,207,321
	<u>2,843,752</u>	<u>2,805,068</u>	<u>2,742,350</u>
Business property			
Based on revenue (Aliant)	50,000	49,067	49,128
NS Power HST rebate	<u>74,000</u>	<u>67,783</u>	88,676
	<u>124,000</u>	<u>116,850</u>	<u>137,804</u>
Deed Transfer tax	<u>880,000</u>	<u>1,048,655</u>	905,458
Wind Farm Developer tax	<u>656,574</u>	<u>656,574</u>	174,221
Transfers and collections for other governments			
Collection - other governments	1,497,036	1,455,441	1,482,269
Transfers to village and local fire commissions	<u>(1,497,036)</u>	<u>(1,461,732)</u>	(1,488,478)
	<u>-</u>	<u>(6,291)</u>	<u>(6,209)</u>
	15,713,366	15,774,259	15,028,333
Education mandatory contribution (Note 4)	<u>(4,602,030)</u>	<u>(4,603,030)</u>	(4,447,088)
Correction services	<u>(236,441)</u>	<u>(235,698)</u>	(236,441)
Regional Housing Authority	<u>(20,000)</u>	<u>(16,685)</u>	(18,362)
	<u>\$ 10,854,895</u>	<u>\$ 10,919,846</u>	<u>\$ 10,326,442</u>

See accompanying notes and schedules to the consolidated financial statements.

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

Year Ended March 31	2017		Restated 2016
Grants in lieu of taxes			
Federal government	\$ 60,938	\$ 51,686	\$ 54,396
Provincial government			
Real property	54,042	56,596	53,142
Crown timberland	34,176	33,342	33,342
Fire protection	360	5,249	359
Conservation	7,000	6,311	6,004
Provincial government agencies			
NS Power Incorporated	20,529	20,529	22,237
	<u>\$ 177,045</u>	<u>\$ 173,713</u>	<u>\$ 169,480</u>
Sales of services			
General government services - election	\$ -	\$ 20,637	-
Waste Collection fees - other local governments	2,801,496	3,631,534	3,010,489
Planning services - other local governments	46,418	46,921	52,567
Building/fire inspection services - other local gov't	21,662	21,897	21,576
Recreation and cultural services	82,750	82,991	90,134
FHCS	27,400	30,813	28,314
REMO - other local governments	2,476	2,503	2,466
Wind Energy	719,650	729,854	820,701
	<u>\$ 3,701,852</u>	<u>\$ 4,567,150</u>	<u>\$ 4,026,247</u>
Other revenue from own sources			
Administrative services	\$ 162,750	\$ 223,389	\$ 211,728
Transportation services	8,217	16,237	7,721
Building inspection services	15,000	25,206	21,217
Animal control services	4,350	2,564	1,881
Sewer hookup services	500	17,420	8,299
Solid waste & disposal services	571,820	329,699	516,617
Planning services	22,390	25,682	52,951
Industrial park services	5,000	5,054	5,054
	<u>\$ 790,027</u>	<u>\$ 645,251</u>	<u>\$ 825,468</u>
Unconditional transfers from Federal and Provincial governments and agencies			
Provincial government			
Service Nova Scotia			
Assessment Act - farm acreage	\$ 6,736	\$ 6,736	\$ 6,699
Recycling projects	69,187	110,129	98,191
	<u>\$ 75,923</u>	<u>\$ 116,865</u>	<u>\$ 104,890</u>

See accompanying notes and schedules to the consolidated financial statements.

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

Year Ended March 31

2017

Restated

2016

**Conditional transfers from Federal
and Provincial governments and agencies**

Federal government			
Employment grants	\$	2,000	\$ 2,996 \$ 1,272
Provincial government			
Emergency measures		4,500	4,767 4,760
Recreation		-	94,490 156,899
Employment grants		-	9,009 -
Other agencies			
REN		-	- 126,852
	\$	<u>6,500</u>	\$ <u>111,262</u> \$ <u>289,783</u>

Grants for Capital Projects

Infrastructure grant	\$	485,000	\$ - \$ 77,782
Gas tax grant		589,371	589,371 559,359
PCAP grant		581,250	54,237 88,190
SNSMR grant		130,000	18,000 33,018
Local agencies grant		21,600	18,000 7,500
	\$	<u>1,807,221</u>	\$ <u>679,608</u> \$ <u>765,849</u>

See accompanying notes and schedules to the consolidated financial statements.

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

Year Ended March 31 2017 Restated
2016

EXPENDITURES

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Council/committee remuneration	\$ 164,844	\$ 150,726	\$ 159,596
Administrative expenses	90,047	64,266	90,498
Grants to organizations	253,921	267,929	206,732
Elections	75,000	57,452	-
	<u>583,812</u>	<u>540,373</u>	<u>456,826</u>
CAO/Clerk administrative			
Administration salaries	374,906	365,582	367,262
Administrative expenses	128,551	113,790	106,018
Town crier	1,000	-	-
Surveys/appraisals	2,000	1,043	4,901
Newsletter/promotions	33,520	10,985	10,627
Joint occupational health and safety	25,000	8,188	7,132
Health & wellness	7,000	4,521	2,541
	<u>571,977</u>	<u>504,109</u>	<u>498,481</u>
Finance/property tax administrative			
Administration salaries	338,364	343,360	317,291
Administrative expenses	220,235	188,092	159,912
Auditor services	40,000	44,899	40,623
Property tax administration	279,900	275,919	299,726
	<u>878,499</u>	<u>852,270</u>	<u>817,552</u>
Information services administrative			
Administration salaries	217,195	218,369	175,394
Administrative expenses	210,245	195,723	225,451
Debenture interest	3,122	2,992	3,355
	<u>430,562</u>	<u>417,084</u>	<u>404,200</u>
Municipal property services			
Salaries	83,751	74,693	78,694
Administrative expenses	44,100	36,006	36,195
Property services	110,976	114,662	164,195
Wharves	8,500	5,415	5,735
Community Development	15,000	7,687	9,052
	<u>262,327</u>	<u>238,463</u>	<u>293,871</u>
Public works general			
Salaries	154,663	142,040	149,923
Administrative expenses	85,197	56,005	85,049
Special Projects	34,965	23,733	23,297
	<u>274,825</u>	<u>221,778</u>	<u>258,269</u>
Other general government services			
Assessment recovery costs	340,514	340,514	341,463
Regional library	69,056	68,035	68,035
Depreciation	104,738	175,507	104,252
	<u>514,308</u>	<u>584,056</u>	<u>513,750</u>
	<u>\$ 3,516,310</u>	<u>\$ 3,358,133</u>	<u>\$ 3,242,949</u>

See accompanying notes and schedules to the consolidated financial statements.

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

Year Ended March 31	2017		Restated 2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police services	\$ 1,751,980	\$ 1,742,347	\$ 1,673,443
Legal prosecution services	5,000	7,725	5,438
By-law enforcement	35,751	18,185	18,753
Animal control	76,700	67,440	65,661
Emergency measures	41,114	45,010	37,943
	<u>1,910,545</u>	<u>1,880,707</u>	<u>1,801,238</u>
Fire services			
Fire coordinator/advisory	121,601	101,807	96,081
Fire protection agreement	237,748	153,761	243,844
Fire rescue boat	12,123	12,129	11,457
	<u>371,472</u>	<u>267,697</u>	<u>351,382</u>
Building/fire inspections			
Salaries	220,904	196,798	202,988
Administrative expenses	89,009	53,199	64,172
	<u>309,913</u>	<u>249,997</u>	<u>267,160</u>
	<u>\$ 2,591,930</u>	<u>\$ 2,398,401</u>	<u>\$ 2,419,780</u>
Transportation services			
Road transport			
Administration	\$ 26,269	\$ 17,390	\$ 16,914
Road and sidewalk maintenance	450,654	423,508	379,817
Street lighting	107,255	108,995	128,187
Debenture interest	15,284	14,200	15,628
Depreciation	241,610	238,268	240,274
	<u>\$ 841,072</u>	<u>\$ 802,361</u>	<u>\$ 780,820</u>
Environmental health services			
Sewage collection and disposal	\$ 541,831	\$ 482,804	\$ 558,150
Waste collection and disposal	3,178,760	3,841,440	3,690,653
Recycling project	64,572	50,991	44,769
Debenture interest	177,371	156,026	186,617
Depreciation	1,486,572	1,550,620	1,574,394
	<u>\$ 5,449,106</u>	<u>\$ 6,081,881</u>	<u>\$ 6,054,583</u>
Environmental development services			
Planning and zoning	\$ 580,148	\$ 501,013	\$ 573,448
Economic Development	186,975	103,166	155,115
Tourism development	48,000	50,777	43,803
Eco Park	21,082	14,987	10,609
Regional economic network	45,794	45,794	143,415
Wind Turbine	89,741	75,261	78,508
Debenture interest	92,572	91,801	94,896
Depreciation	289,670	291,953	289,288
	<u>\$ 1,353,982</u>	<u>\$ 1,174,752</u>	<u>\$ 1,389,082</u>

See accompanying notes and schedules to the consolidated financial statements.

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

Year Ended March 31	2017		Restated 2016
Recreational and cultural services			
Administration	\$ 657,346	\$ 634,721	\$ 690,805
Program expenses	39,700	36,372	40,262
Church Memorial Park	50,000	-	50,000
Parks & trails	76,000	39,188	68,535
Heritage properties	500	-	-
Debenture interest	6,501	5,949	7,772
Forest Heights Community School	35,715	41,258	29,450
Depreciation	91,371	100,818	94,724
	<u>\$ 957,133</u>	<u>\$ 858,306</u>	<u>\$ 981,548</u>

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