

Village of Chester
Chester, Nova Scotia

Financial Statements
March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Chairman and Commissioners of the Village of Chester

Opinion

We have audited the accompanying consolidated financial statements of **Village of Chester**, which comprise the statement of financial position as at March 31, 2019, and the statement of operations, statement of net financial assets and statement of cash flows for the years then ended, and notes to the 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 the **Village of Chester**, as at March 31, 2019, and the results of operations and changes in net financial assets 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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

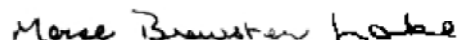
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berwick, Nova Scotia
July 10, 2019



Chartered Professional Accountants
Licensed Public Accountants
Registered Municipal Auditor

Village of Chester

Consolidated Statement of Financial Activities

Year Ended March 31, 2019

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Revenue			
Taxation	\$ 836,312	\$ 857,263	\$ 813,099
Transfers from other governments	-	1,540	1,738
Municipality of Chester - Recreation	-	-	119
Insurance proceeds	-	36,667	-
Interest earned	-	11,357	7,175
Rental income	-	23,984	24,031
Other	-	5,642	2,329
	<u>836,312</u>	<u>936,453</u>	<u>848,491</u>
Expenditures			
General government services (page 11)	138,390	129,923	85,785
Crossing Guard	12,500	11,958	10,107
Street lighting	11,000	8,196	7,153
Fire protection (page 12)	266,450	233,451	240,966
Beautification and clean up (page 11)	39,100	71,722	36,733
EMC - rental expense	-	7,738	10,505
Fire boat	13,524	6,596	14,679
Loss on disposal of assets	-	1,643	-
Jib lot - operating expenses	1,900	2,237	4,247
Amortization	169,847	169,847	159,044
Lido pool and washrooms (page 11)	80,900	67,237	46,335
	<u>733,611</u>	<u>710,548</u>	<u>615,554</u>
Annual Surplus	<u>\$ 102,701</u>	<u>\$ 225,905</u>	<u>\$ 232,937</u>

Village of Chester

Consolidated Statement of Financial Position

March 31, 2019

	<u>2019</u>	<u>2018</u>
Financial Assets		
Current		
Cash -operating	\$ 235,830	\$ 220,321
Cash -reserves (page 13)	1,270,376	716
Short term investments (GICs at 1.50%, page 13)	1	1,100,348
HST recoverable	41,323	24,099
Receivables	<u>67,638</u>	<u>11,550</u>
	<u>1,615,168</u>	<u>1,357,034</u>
Financial Liabilities		
Current		
Payables and accruals	59,464	42,844
Government remittances payable	<u>5,390</u>	<u>-</u>
	<u>64,854</u>	<u>42,844</u>
Net Financial Assets	<u>1,550,314</u>	<u>1,314,190</u>
Non-Financial Assets		
Prepaid expenses	16,239	15,319
Property and Equipment (note 2)	<u>1,514,619</u>	<u>1,525,758</u>
	<u>1,530,858</u>	<u>1,541,077</u>
	<u>\$ 3,081,172</u>	<u>\$ 2,855,267</u>
Surplus		
Reserve Funds (page 13)	\$ 1,307,043	\$ 1,105,524
Investment in Capital Assets (note 4)	1,514,619	1,525,759
Accumulated Surplus (note 3)	<u>259,510</u>	<u>223,984</u>
	<u>\$ 3,081,172</u>	<u>\$ 2,855,267</u>

On behalf of the Village of Chester

_____, Chairperson _____, Commissioner

Village of Chester

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2019

	2019 <u>Budget</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
Annual Surplus	\$ 102,701	\$ 225,905	\$ 232,937
Add (Deduct):			
Acquisition of tangible capital assets	(94,750)	(160,350)	(145,268)
Amortization of tangible capital assets	169,847	169,847	159,044
Loss on disposal of tangible capital assets	-	1,643	-
Use of prepaids assets	<u>-</u>	<u>(921)</u>	<u>191</u>
Increase in Net Financial Assets	\$ <u><u>177,798</u></u>	236,124	246,904
Net Financial Assets, beginning of year		<u>1,314,190</u>	<u>1,067,286</u>
Net Financial Assets, end of year		\$ <u><u>1,550,314</u></u>	\$ <u><u>1,314,190</u></u>

Village of Chester

Consolidated Statement of Changes in Financial Position

Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
Cash flow from operating activities:		
Annual surplus	\$ 225,905	\$ 232,937
Amortization	169,847	159,044
Loss on disposal of tangible capital assets	1,643	-
Change in		
Accounts receivable	(73,313)	43,936
Prepaid	(921)	191
Payables and accruals	<u>22,010</u>	<u>9,050</u>
	<u>345,171</u>	<u>445,158</u>
Cash flow from investing activities:		
Purchase of investments	-	(525,428)
Proceeds on sale of investments	1,100,348	-
Purchase of tangible capital assets	<u>(160,350)</u>	<u>(145,268)</u>
	<u>939,998</u>	<u>(670,696)</u>
Cash Increase (Decrease)	1,285,169	(225,538)
Cash and Equivalencies, beginning of year	<u>221,037</u>	<u>446,575</u>
Cash and Equivalencies, end of year	<u>\$ 1,506,206</u>	<u>\$ 221,037</u>
Represented By:		
Cash -operating	\$ 235,830	\$ 220,321
Cash -reserves	<u>1,270,376</u>	<u>716</u>
	<u>\$ 1,506,206</u>	<u>\$ 221,037</u>

Village of Chester

Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Village of Chester are the representation of management prepared in accordance with Canadian accounting standards for the public sector.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organization and enterprises accountable for the administration of their affairs and resources of the Village and which are owned and controlled by the Village.

Interdepartmental and organizational transactions and balances are eliminated.

Revenue Recognition

Taxation and related revenue: Property tax billings are prepared based on the assessment rolls issued by Property Valuation Services Corporation. Tax rates are established annually by the Commission, incorporating amounts to be raised for local services. Taxation revenues are recorded at the time tax billings are due.

Government Transfers

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other Revenue

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The most significant accounting estimates in these financial statements include allowance for doubtful accounts and estimated useful life of tangible capital assets.

Village of Chester

Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued)

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 revenues and over expenses, provides the consolidated Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The costs, less residual value, of the tangible capital asset are amortization on a straight line basis over their estimated useful life as follows:

Asset type	Years
Land	Indefinite
Land improvements	20 years
Municipal buildings	40 years
Machinery and equipment	10 years
Vehicles	5 -10 years
Lido pool	20 years
Street lights	25 years

2. Tangible Capital Assets

	Cost Opening	Additions	Disposals	Write Downs	Cost Closing	Amortization	Accum Amort	Net Book Value
Land	\$ 66,814	\$ -	\$ -	\$ -	\$ 66,814	\$ -	\$ -	\$ 66,814
Land improvements	63,357	-	-	-	63,357	4,263	24,585	38,772
Buildings	702,646	21,247	-	-	723,893	18,097	320,820	403,073
Streets lights	184,263	-	-	-	184,263	7,371	57,589	126,674
Machinery & equipment	618,208	109,694	(16,057)	-	711,846	62,474	346,693	365,153
Lido pool	243,198	29,409	-	-	272,607	14,034	90,199	182,408
Vehicles	<u>1,077,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077,863</u>	<u>63,608</u>	<u>746,138</u>	<u>331,725</u>
	<u>\$ 2,956,349</u>	<u>\$ 160,350</u>	<u>\$ (16,057)</u>	<u>\$ -</u>	<u>\$ 3,100,643</u>	<u>\$ 169,847</u>	<u>\$ 1,586,024</u>	<u>\$ 1,514,619</u>

Village of Chester

Notes to Financial Statements

March 31, 2019

3. Accumulated Surplus

	<u>2019</u>	<u>2018</u>
Surplus, beginning of year	\$ 223,984	\$ 333,431
Add (deduct):		
Operating change in fund	9,045	64,553
Transfer from reserve funds	26,481	-
Transfer to reserve funds	<u>-</u>	<u>(174,000)</u>
Surplus, end of year	<u>\$ 259,510</u>	<u>\$ 223,984</u>

4. Investment In Capital Assets

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,525,759	\$ 1,539,534
Add (deduct):		
Contributions from reserves	160,350	145,269
Disposal of tangible capital assets	(1,643)	-
Amortization	<u>(169,847)</u>	<u>(159,044)</u>
Balance, end of year	<u>\$ 1,514,619</u>	<u>\$ 1,525,759</u>

5. Other Matters

The total remuneration paid to each commissioner and the senior management official are as follows:

Commissioners

	Compensation	Expenses	Total
Foley, Dave (Chair)	\$ 520	\$ -	\$ 520
Hatch, Nancy	2,080	-	2,080
Heisler, Michael	2,080	-	2,080
Mulrooney, Tom	2,080	-	2,080
Nauss, Bill	2,108	-	2,108
Grant, Jo-Ann	1,647	-	1,647

Staff

Hiltz, Darrell (Clerk/Treasurer)	25,870	-	25,870
Westhaver, Ann (Clerk/Treasurer)	20,417	747	21,164
Egyedy, Dennis (Clerk/Treasurer)	<u>9,072</u>	<u>-</u>	<u>9,072</u>
	<u>\$ 65,874</u>	<u>\$ 747</u>	<u>\$ 66,621</u>

Village of Chester

Notes to Financial Statements

March 31, 2019

6. Budget amounts

The Village budgets for rate setting and expenditure control purposes, which does not include amortization. The following adjustments to Net Surplus reconcile the budgeted amounts to the financial reporting presentation in accordance with Canadian Public Sector Accounting Standards.

Budgeted net surplus (loss)	\$ (2,202)
Transfer to reserve	180,000
Acquisition of tangible capital assets	94,750
Less Amortization	<u>(169,847)</u>
Revised net surplus	<u>\$ 102,701</u>

7. Lease Commitment

The Village has entered into a lease for office space in Chester. The lease requires monthly payments of \$1,300 plus HST from January 1, 2019 to December 31, 2019. The lease requires monthly payments of \$1,350 plus HST from January 1, 2020 to December 31, 2022.

The Village has entered into a lease contract for office equipment. The contract requires monthly payments of \$205 plus HST until November 2020.

8. Comparative Figures

Certain of the comparative figures have been adjusted for the financial statement presentation adopted in the current year.

Village of Chester

Schedules to Statement of Operations

Year Ended March 31, 2019

	2019 <u>Budget</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
General Government Services			
Commission honorariums	\$ 10,400	\$ 12,018	\$ 9,967
Advertising	2,500	2,724	2,142
Miscellaneous expenses	2,000	1,911	1,460
Elections expenses	-	237	-
Salaries and benefits	53,000	44,907	31,380
Office supplies	6,350	7,361	5,305
Insurance	10,500	6,237	4,692
Professional services	22,500	23,947	8,728
Rent	17,640	16,262	15,643
Telephone	2,000	2,644	2,090
Travel and training	3,500	2,859	1,853
Website and IT support	8,000	8,816	2,525
	<u>\$ 138,390</u>	<u>\$ 129,923</u>	<u>\$ 85,785</u>
Lido Pool			
Salaries wages and benefits	\$ 21,500	\$ 29,613	\$ 20,562
Public washrooms	15,000	14,467	10,359
Maintenance and operations	40,000	18,938	11,509
Insurance	3,500	3,268	3,007
Taxes	900	951	898
	<u>\$ 80,900</u>	<u>\$ 67,237</u>	<u>\$ 46,335</u>
Seasonal and Public Works			
Flowers and wreaths	\$ 22,500	\$ 20,790	\$ 19,844
Garbage collections	13,500	11,470	10,557
Property maintenance	3,100	1,345	613
Utility expenses	-	38,117	-
Fire works	-	-	5,719
	<u>\$ 39,100</u>	<u>\$ 71,722</u>	<u>\$ 36,733</u>

Village of Chester

Schedules to Statement of Operations

Year Ended March 31, 2019

	2019 <u>Budget</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
Fire Protective Services			
Fire fighting force			
Insurance - firefighters	\$ 15,500	\$ 13,838	\$ 13,339
Salaries and benefits	60,500	46,637	56,778
Honorarium - firefighters	45,000	45,000	40,559
Training	21,500	10,719	17,103
Grant in lieu of fundraising	-	-	10,150
	<u>\$ 142,500</u>	<u>\$ 116,194</u>	<u>\$ 137,929</u>
 Fire station			
Lights and utilities	\$ 9,000	\$ 12,849	\$ 12,974
Maintenance	15,000	10,386	9,651
Janitorial	5,150	4,884	4,887
Insurance	5,200	10,215	10,359
Alarm system and telephone	8,700	4,131	5,497
	<u>\$ 43,050</u>	<u>\$ 42,465</u>	<u>\$ 43,368</u>
 Fire fighting equipment			
Gasoline, diesel fuel and oil	\$ 4,000	3,789	2,982
Vehicle maintenance	25,000	27,009	22,797
Equipment maintenance	11,500	9,068	8,898
Leased radios and pagers	12,500	5,605	5,970
Refill air bottles and extinguishers	-	-	88
Insurance	6,000	6,897	5,836
Replacements	8,000	7,721	1,684
	<u>\$ 67,000</u>	<u>\$ 60,089</u>	<u>\$ 48,255</u>
 Other			
Firefighter's banquet	\$ 2,500	\$ 2,030	\$ 2,389
Fire Chief's convention	3,200	2,356	3,109
Bursary	1,500	1,500	1,500
Small tool and supplies	6,700	8,817	4,416
	<u>\$ 13,900</u>	<u>\$ 14,703</u>	<u>\$ 11,414</u>
	<u><u>\$ 266,450</u></u>	<u><u>\$ 233,451</u></u>	<u><u>\$ 240,966</u></u>

Village of Chester

Statement of Reserve Funds

Statement of Financial Position

March 31, 2019

	Building Reserve	Fire Truck Reserve	Lido Pool Reserve	Operating Reserve	Utilities Reserve	Equipment Reserve	2019 Total	2018 Total
Assets								
Cash	\$ 339,703	\$ 585,517	\$ 132,602	\$ 176,971	\$ 35,583	\$ -	\$ 1,270,376	\$ 716
Accounts Receivable	36,667	-	-		-	-	36,667	4,460
GIC (1.08-1.70%), due Nov	-	-	-		-	-	-	1,100,348
	<u>\$ 376,370</u>	<u>\$ 585,517</u>	<u>\$ 132,602</u>	<u>\$ 176,971</u>	<u>\$ 35,583</u>	<u>\$ -</u>	<u>\$ 1,307,043</u>	<u>\$ 1,105,524</u>
Reserves	<u>\$ 376,370</u>	<u>\$ 585,517</u>	<u>\$ 132,602</u>	<u>\$ 176,971</u>	<u>\$ 35,583</u>	<u>\$ -</u>	<u>\$ 1,307,043</u>	<u>\$ 1,105,524</u>

Statement of Changes in Reserves Fund Balances

	Building Reserve	Fire Truck Reserve	Lido Pool Reserve	Operating Reserve	Utilities Reserve	Equipment Reserve	2019 Total	2018 Total
Balance, beginning of year	\$ 337,357	\$ 429,948	\$ 101,538	\$ 175,102	\$ 61,579	\$ -	\$ 1,105,524	\$ 749,365
Interest	2,346	5,569	1,064	1,869	485	-	11,333	7,159
Insurance	36,667	-	-		-	-	36,667	-
Transfer from operating fund	-	150,000	30,000		-	160,350	340,350	320,269
Transfer to operating surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,481)</u>	<u>-</u>	<u>(26,481)</u>	<u>174,000</u>
	<u>376,370</u>	<u>585,517</u>	<u>132,602</u>	<u>176,971</u>	<u>35,583</u>	<u>160,350</u>	<u>1,467,393</u>	<u>1,250,793</u>
Expenditures								
Transfer to capital fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,350</u>	<u>160,350</u>	<u>145,269</u>
Balance, end of year	<u>\$ 376,370</u>	<u>\$ 585,517</u>	<u>\$ 132,602</u>	<u>\$ 176,971</u>	<u>\$ 35,583</u>	<u>\$ -</u>	<u>\$ 1,307,043</u>	<u>\$ 1,105,524</u>

Building Reserve Fund is to be used for building renovation of a long-term nature and is not available for general operations

Fire Truck Reserve is to be used for the purchase of a new fire truck

Lido Pool Reserve is to be used for long-term capital improvements and repairs and is not available for general operations

Utilities Reserve is used to fund public utility projects in the Village of Chester.

Operating reserve is used to fund operating expenses

On Behalf of the Village of Chester:

Chairperson _____ Commissioner _____