

**Village of Chester**  
**Chester, Nova Scotia**

**Financial Statements**

**March 31, 2022**

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## **Morse Brewster Lake**

Chartered Professional Accountants

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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, 2022, 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, 2022, 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

*Morse Brunster Lake*

Chartered Professional Accountants  
Registered Municipal Auditor

**Village of Chester**  
**Consolidated Statement of Financial Activities**  
**Year Ended March 31, 2022**

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
<b>Revenue</b>			
Taxation	\$ 905,273	\$ 909,661	\$ 890,814
Transfers from other governments	2,719	2,719	20,000
Interest earned	-	11,486	15,676
Rental income	23,149	23,735	26,622
Other	<u>1,973</u>	<u>4,697</u>	<u>11,414</u>
	<u>933,114</u>	<u>952,298</u>	<u>964,526</u>
<b>Expenditures</b>			
General government services (page 11)	156,900	158,513	149,550
Crossing Guard	11,000	8,502	6,543
Street lighting	10,000	7,595	8,391
Fire protection (page 12)	303,200	303,879	251,182
Beautification and clean up (page 11)	58,700	56,260	49,230
EMC - rental expense	10,500	11,579	11,997
Fire boat	10,150	9,909	8,552
Interest on long term debt	-	938	-
Loss on disposal of assets	-	2,162	-
Jib lot - operating expenses	1,610	1,472	2,895
Amortization	204,389	204,389	199,875
Lido pool and washrooms (page 11)	<u>54,500</u>	<u>55,110</u>	<u>36,680</u>
	<u>820,949</u>	<u>820,308</u>	<u>724,895</u>
<b>Annual Surplus</b>	<u>\$ 112,165</u>	<u>\$ 131,990</u>	<u>\$ 239,631</u>

# Village of Chester

## Consolidated Statement of Financial Position

March 31, 2022

	<u>2022</u>	<u>2021</u>
<b>Financial Assets</b>		
<b>Current</b>		
Cash -operating	\$ 225,314	\$ 776,630
Short term investments (GIC at 0.23-1.00%, page 13)	1,310,402	1,133,730
HST recoverable	24,561	70,202
Receivables	<u>22,275</u>	<u>33,615</u>
	<u>1,582,552</u>	<u>2,014,177</u>
<b>Financial Liabilities</b>		
<b>Current</b>		
Payables and accruals	41,281	700,846
Government remittances payable	<u>4,332</u>	<u>3,963</u>
	<u>45,613</u>	<u>704,809</u>
<b>Net Financial Assets</b>	<u>1,536,939</u>	<u>1,309,368</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	20,112	17,642
Property and Equipment (note 2)	<u>2,062,625</u>	<u>2,160,676</u>
	<u>2,082,737</u>	<u>2,178,318</u>
	<u>\$ 3,619,676</u>	<u>\$ 3,487,686</u>
<b>Surplus</b>		
<b>Reserve Funds</b> (page 13)	\$ 1,410,791	\$ 1,623,176
<b>Investment in Capital Assets</b> (note 4)	1,962,527	1,557,312
<b>Accumulated Surplus</b> (note 3)	<u>246,358</u>	<u>307,198</u>
	<u>\$ 3,619,676</u>	<u>\$ 3,487,686</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, 2022

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
<b>Annual Surplus</b>	\$ 112,165	\$ 131,990	\$ 239,631
<b>Add (Deduct):</b>			
Acquisition of tangible capital assets	(65,450)	(108,500)	(895,062)
Amortization of tangible capital assets	204,389	204,389	199,875
Loss on disposal of tangible capital assets	-	2,162	-
Use of prepaids assets	<u>-</u>	<u>(2,470)</u>	<u>(1,672)</u>
<b>Increase in Net Financial Assets</b>	<u>\$ 251,104</u>	227,571	(457,228)
<b>Net Financial Assets, beginning of year</b>		<u>1,309,368</u>	<u>1,766,596</u>
<b>Net Financial Assets, end of year</b>		<u>\$ 1,536,939</u>	<u>\$ 1,309,368</u>

## Village of Chester

### Consolidated Statement of Changes in Financial Position

Year Ended March 31, 2022

	<u>2022</u>	<u>2021</u>
<b>Cash flow from operating activities:</b>		
Annual surplus	\$ 131,990	\$ 239,631
Amortization	204,389	199,875
Loss on disposal of tangible capital assets	2,162	-
Change in		
Accounts receivable	56,981	(71,676)
Prepaid	(2,470)	(1,672)
Payables and accruals	<u>(659,196)</u>	<u>668,890</u>
	<u>(266,144)</u>	<u>1,035,048</u>
<b>Cash flow from investing activities:</b>		
Purchase of investments	(1,319,159)	(337,560)
Proceeds on sale of investments	1,142,487	654,258
Purchase of tangible capital assets	<u>(108,500)</u>	<u>(895,062)</u>
	<u>(285,172)</u>	<u>(578,364)</u>
<b>Cash Increase (Decrease)</b>	(551,316)	456,684
<b>Cash and Equivalencies, beginning of year</b>	<u>776,630</u>	<u>319,946</u>
<b>Cash and Equivalencies, end of year</b>	\$ <u><u>225,314</u></u>	\$ <u><u>776,630</u></u>
<b>Represented By:</b>		
Cash -operating	\$ <u><u>225,314</u></u>	\$ <u><u>776,630</u></u>



# Village of Chester

## Notes to Financial Statements

March 31, 2022

### 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, 2022

### 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	Accum Amortization	Accum Amort	Net Book Value
Land	\$ 742,116	\$ 3,851	\$ -	\$ -	\$ 745,967	\$ -	\$ -	\$ 745,967
Land improvements	63,357	-	-	-	63,357	3,168	33,685	29,672
Buildings	723,893	-	-	-	723,893	18,097	375,112	348,781
Streets lights	184,263	-	-	-	184,263	7,371	79,701	104,562
Machinery & equipment	952,884	59,943	(3,603)	-	1,009,225	90,477	598,977	410,248
Lido pool	384,736	44,706	-	-	429,442	21,472	146,359	283,083
Vehicles	<u>1,077,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077,863</u>	<u>63,804</u>	<u>937,551</u>	<u>140,312</u>
	<u>\$ 4,129,112</u>	<u>\$ 108,500</u>	<u>\$ (3,603)</u>	<u>\$ -</u>	<u>\$ 4,234,010</u>	<u>\$ 204,389</u>	<u>\$ 2,171,385</u>	<u>\$ 2,062,625</u>

## Village of Chester

### Notes to Financial Statements

March 31, 2022

#### 3. Accumulated Surplus

	<u>2022</u>	<u>2021</u>
Surplus, beginning of year	\$ 307,198	\$ 282,778
Add (deduct):		
Operating change in fund	<u>(60,840)</u>	<u>24,420</u>
Surplus, end of year	<u>\$ 246,358</u>	<u>\$ 307,198</u>

#### 4. Investment In Capital Assets

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,557,312	\$ 1,465,490
Add (deduct):		
Other principal repayments	50,000	-
Contributions from reserves	561,766	271,697
Government transfers	-	20,000
Disposal of tangible capital assets	(2,162)	-
Amortization	<u>(204,389)</u>	<u>(199,875)</u>
Balance, end of year	<u>\$ 1,962,527</u>	<u>\$ 1,557,312</u>

#### 5. Other Matters

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

	Compensation	Expenses	Total
Commissioners			
Dockrill, Michael	\$ 693	\$ -	\$ 693
Hatch, Nancy	2,080	-	2,080
Heisler, Michael	2,080	-	2,080
Hiltz, Martin	2,080	-	2,080
Nauss, Bill (Chair)	1,783	-	1,783
Grant, Jo-Ann	1,127	482	1,609
Staff			
Egyedy, Dennis (Clerk/Treasurer)	<u>78,888</u>	<u>524</u>	<u>79,412</u>
	<u>\$ 88,731</u>	<u>\$ 1,006</u>	<u>\$ 89,737</u>

# Village of Chester

## Notes to Financial Statements

March 31, 2022

### 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)	\$	-
Transfer to reserve		150,000
Acquisition of tangible capital assets		65,450
Less amortization		(204,389)
Transfer from reserves		<u>(45,000)</u>
Revised net surplus	\$	<u><u>(33,939)</u></u>

### 7. Lease Commitment

The Village has entered into a lease for office space in Chester. 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 \$196 plus HST until April 2025.

### 8. Post Employment Benefits

The Village has a severance benefit for the Clerk/Treasurer that provides 9% of their salary as a severance payment on retirement or termination of employment. The cost to the Village for contributions to the plan in the year ending March 31, 2021 was \$7,244. The market value of the plan at March 31, 2022 was \$22,278. The accrued benefit liability at March 31, 2022 was \$22,025.

## Village of Chester

### Schedules to Statement of Operations

Year Ended March 31, 2022

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
<b>General Government Services</b>			
Commission honorariums	\$ 10,400	\$ 10,096	\$ 10,600
Advertising	2,000	1,138	557
Miscellaneous expenses	1,800	1,313	2,860
Elections expenses	1,200	1,835	1,551
Consultants	5,000	4,376	-
Salaries and benefits	72,000	75,016	77,011
Office supplies	9,000	7,159	8,861
Insurance	13,000	14,094	12,653
Professional services	16,000	16,779	11,228
Rent	18,000	16,894	17,039
Telephone	2,000	1,822	1,764
Travel and training	500	1,181	907
Website and IT support	6,000	6,810	4,519
	<u>\$ 156,900</u>	<u>\$ 158,513</u>	<u>\$ 149,550</u>
<b>Lido Pool</b>			
Salaries wages and benefits	\$ 20,000	\$ 22,222	\$ 11,928
Public washrooms	15,000	13,519	8,845
Maintenance and operations	15,000	14,060	12,045
Insurance	3,500	4,322	2,888
Taxes	1,000	987	974
	<u>\$ 54,500</u>	<u>\$ 55,110</u>	<u>\$ 36,680</u>
<b>Seasonal and Public Works</b>			
Flowers and wreaths	\$ 24,200	\$ 24,040	\$ 24,261
Garbage collections	21,000	22,368	20,809
Property maintenance	3,500	3,352	3,402
Celebrations	10,000	6,500	758
	<u>\$ 58,700</u>	<u>\$ 56,260</u>	<u>\$ 49,230</u>

## Village of Chester

### Schedules to Statement of Operations

Year Ended March 31, 2022

	2022 <u>Budget</u>	2022 <u>Actual</u>	2021 <u>Actual</u>
<b>Fire Protective Services</b>			
Fire fighting force			
Insurance - firefighters	\$ 14,000	\$ 13,832	\$ 13,616
Salaries and benefits	65,000	53,110	51,795
Honorarium - firefighters	50,000	50,000	50,000
Training	22,000	12,348	13,455
Grant in lieu of fundraising	<u>15,000</u>	<u>15,290</u>	<u>15,000</u>
	<u>\$ 166,000</u>	<u>\$ 144,580</u>	<u>\$ 143,866</u>
 Fire station			
Lights and utilities	\$ 14,500	\$ 15,865	\$ 14,420
Maintenance	10,000	10,402	6,486
Waste removal	3,000	4,666	4,289
Janitorial	5,000	4,909	4,079
Insurance	6,000	6,058	6,071
Alarm system and telephone	<u>9,000</u>	<u>6,205</u>	<u>6,828</u>
	<u>\$ 47,500</u>	<u>\$ 48,105</u>	<u>\$ 42,173</u>
 Fire fighting equipment			
Gasoline, diesel fuel and oil	\$ 4,000	5,493	2,541
Vehicle maintenance	25,000	62,802	21,303
Equipment maintenance	17,700	14,973	11,446
Leased radios and pagers	6,500	7,824	7,401
Insurance	7,500	7,103	6,609
Replacements	<u>7,000</u>	<u>1,460</u>	<u>1,360</u>
	<u>\$ 67,700</u>	<u>\$ 99,655</u>	<u>\$ 50,660</u>
 Other			
Firefighter's banquet	\$ 5,000	\$ -	\$ -
Fire Chief's convention	250	210	210
Bursary	1,500	1,500	1,500
Uniforms	6,000	2,098	5,782
Small tool and supplies	<u>9,250</u>	<u>7,731</u>	<u>6,991</u>
	<u>\$ 22,000</u>	<u>\$ 11,539</u>	<u>\$ 14,483</u>
	<u>\$ 303,200</u>	<u>\$ 303,879</u>	<u>\$ 251,182</u>

# Village of Chester

## Statement of Reserve Funds

### Statement of Financial Position

**March 31, 2022**

	Building Reserve	Fire Truck Reserve	Lido Pool Reserve	Operating Reserve	Utilities Reserve	Equipment Reserve	2022 Total	2021 Total
<b>Assets</b>								
Accounts								
Receivable	\$ 31	\$ 184	\$ 23	\$ 35	\$ 17	\$ -	\$ 290	\$ 10,478
GIC (-1.0%, due Jan-Mar 2023)	10,040	959,640	121,125	182,848	36,749	-	1,310,402	1,133,727
Due from Capital fund	-	100,099	-	-	-	-	100,099	-
Due from Operating fund	-	-	-	-	-	-	-	478,971
	<u>\$10,071</u>	<u>\$1,059,923</u>	<u>\$121,148</u>	<u>\$182,883</u>	<u>\$36,766</u>	<u>\$-</u>	<u>\$1,410,791</u>	<u>\$1,623,176</u>
 Reserves	 <u>10,071</u>	 <u>1,059,923</u>	 <u>121,148</u>	 <u>182,883</u>	 <u>36,766</u>	 <u>-</u>	 <u>1,410,791</u>	 <u>1,623,176</u>
	<u>\$10,071</u>	<u>\$1,059,923</u>	<u>\$121,148</u>	<u>\$182,883</u>	<u>\$36,766</u>	<u>\$-</u>	<u>\$1,410,791</u>	<u>\$1,623,176</u>

### Statement of Changes in Reserves Fund Balances

	Building Reserve	Fire Truck Reserve	Lido Pool Reserve	Operating Reserve	Utilities Reserve	Equipment Reserve	2022 Total	2021 Total
Balance, beginning of year	\$338,899	\$ 901,359	\$ 165,733	\$ 180,827	\$ 36,358	\$ -	\$ 1,623,176	\$ 1,499,787
Interest	44	8,564	415	2,056	408	-	11,487	15,676
Transfer from operating fund	<u>124,394</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,794</u>	<u>338,188</u>	<u>502,761</u>
	463,337	1,059,923	166,148	182,883	36,766	63,794	1,972,851	2,018,224
Expenditures								
Transfer to capital fund	453,266	-	-	-	-	63,794	517,060	271,697
Transfer to operating fund	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>123,351</u>
Balance, end of year	<u>\$10,071</u>	<u>\$1,059,923</u>	<u>\$121,148</u>	<u>\$182,883</u>	<u>\$36,766</u>	<u>\$-</u>	<u>\$1,410,791</u>	<u>\$1,623,176</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 \_\_\_\_\_