



Audit & Finance Committee
Tuesday, May 28, 2024, at 1:00 p.m.
Tides Room, 181 Coldbrook Village Park Drive

A G E N D A

	Required Action	Responsible	Page
1. Call to Order			
2. Roll Call		Chair	-
3. Amendments to Agenda	Decision	All	-
4. Approval of Agenda	Decision	All	-
5. Disclosure of Conflict-of-Interest Issues	Disclosure	All	-
6. Approval of Minutes	Decision	Chair/All	
a. February 27, 2024			3
b. April 11, 2024			7
7. Business arising from the minutes	Decision	Chair	
8. Business			-
a. Audit Planning and Strategy Report	Presentation	Grant Thornton	9
b. Budget Debrief	Discussion	Mike Livingstone	
c. Q3 Capital Accountability Report	Presentation	Mike Livingstone	32
d. Workplan update	Presentation	Mike Livingstone	40
9. Correspondence			44
a. 2021-22 Municipal Report			
10. Other Business			
11. Public Comments			

12. Next Meeting: September 9th, 2024

Decision

All

13. Adjournment

Decision

All

**Municipality of the County of Kings
Audit & Finance Committee
February 27th, 2024, at 1:00 p.m.**

DRAFT

Meeting, Date and Time

An Audit & Finance Committee (A&F) meeting was held on Friday February 27th, 2024, in Tides Room at 181 Coldbrook Village Park Drive.

Attending

In attendance:

Committee Members: Councillor Martha Armstrong – District 4 (Chair)
Logan Morse- Citizen member (Vice Chair)
Deputy Mayor Emily Lutz- District 7
Councillor Kevin Davison- District 8
Mayor Peter Muttart
David Crabb – Citizen Member

Staff: Greg Barr, Director of Finance & Information Technology
Mike Livingstone, Manager of Financial Reporting
Katrina Roefs, Financial Analyst
Haley Hutt, Recording Secretary
Susan Gray, Recording Secretary

1. Meeting to order: Councillor Armstrong, Chair, called the meeting to order at 1:03pm

2. Roll Call

3. Amendments to the Agenda None.

4. Approval of the Agenda: On motion of Mayor Muttart and Councillor Davison, that the agenda be approved as presented.

Motion carried.

5. Disclosure of Conflict-of-Interest Issues: None.

6. Approval of Minutes On the motion of Mr. Crabb and Deputy Mayor Lutz that the minutes of the Audit and Finance Committee held on February 9th, 2024, be approved as circulated.

The question was called on the motion. **Motion carried.**

7. Business arising from the minutes	None.
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8. New Business:**a. Budget Preview**

Greg Barr, Director of Finance & Information Technology presented the Budget Preview to the Committee as found in the February 27, 2024, Agenda Package. The Capital budget will be presented at COTW on Feb 28th and the Operating & Utilities budget will be presented on March 13th. Deliberations are scheduled for March 20th.

Mr. Crabb asked for clarification on the calculation of the road ownership costs. Staff indicated that if the Province were to include roads in the Service Exchange, we would become responsible for over 1,200 km of class G, H, I, and J local roads and their maintenance.

Deputy Mayor Lutz asked for clarification around the amount being moved to reserves. Staff indicated that there was an attempt to move the full \$1 million of savings from the Province into reserves, however some of the funds were required elsewhere.

Deputy Mayor Lutz expressed concern over putting money in reserves when we are facing pressing issues around things like affordability and housing. Could the reserve be better allocated? Staff indicated that with the money set aside in reserves, it could be reallocated if that decision was made.

Mr. Crabb asked for clarification of the \$43.1 million capital budget and the status of those projects. Staff indicated that some projects are carryovers from 23/24 fiscal year, some will be new projects and some spending would be on studies.

Councillor Armstrong asked if the \$43.1 was included in the \$71.1 million 5-year spending and if the \$43.1 is all the Municipality's portion of the project spending. Staff indicated the \$43.1M is included in the \$71.1M.

Councillor Armstrong expressed a desire to know more details of the spending to be able to recognize what portion of the spending would be the Municipality's responsibility. Staff indicated that is something that could be investigated.

On a motion of Mayor Muttart and Mr. Morse that the Audit & Finance Committee accept the 2024/25 Budget Preview as an information item.

Question was called. **Motion Carried**

b. Q3 Operating Accountability Reporting

Katrina Roefs, Financial Analyst presented the Q3 Operating Accountability Report to the Committee as found in the February 27, 2024, Agenda Package.

Deputy Mayor Lutz asked for clarification of the drop in Departmental Revenue. Staff indicated that the drop was due to items such as a drop in building permits, delayed tax billing, changes in recreation and diversity programming.

Mr. Crabb asked for clarification on the lower than budgeted spend on J-Class roads. Staff indicated that the Municipality requested 3 km of paving and the Province approved 0.75km.

On a motion of Deputy Mayor Lutz and Mr. Morse that the Audit & Finance Committee recommend the General Operating Accountability Report (for period ended December 31, 2023) as an information item to Municipal Council.

Question was called. **Motion carried**

c. Q3 Capital Accountability Report

Mike Livingstone, Manager of Financial Reporting indicated this report was not ready at the time of the meeting. It will be complete prior to our next meeting.

d. Workplan update

Mike Livingston, Manager of Financial Reporting gave a work plan update. It was noted that some items will be deferred to a later date.

e. Recommendation to appoint Municipal Auditor

Mike Livingston, Manager of Financial Reporting recommended the appointment of Grant Thornton (GT) as Municipal Auditor for the upcoming year.

Councillor Armstrong asked for clarification regarding our contract with GT. This will be year 3 of a 5-year contract. It is a lump sum pricing. Staff indicated that there is a flat fee in the contract, however GT can, and has in the past, billed for extra services after discussing the need to extra bill with staff.

It was decided to defer this decision until the final invoices and cost projections for the upcoming year were available. A special virtual meeting will be scheduled to complete this one agenda item.

9. Correspondence

None.

10. Other Business:

There was a discussion of clarification around the calculation of accretion, depreciation, and the asset retirement obligation.

11. Public Comments

There were no members of the public in attendance.

12. Next Meeting:

Tuesday, May 28th, 2024, 1:00 p.m. in Tides Room.

13. Adjournment:

On the motion of Councilor Davison and Mr. Morse, the meeting be adjourned.

Motion Carried.

Meeting adjourned at 2:35p.m.

Approval:

Audit & Finance Committee

Month, Day, Year

DRAFT

**Municipality of the County of Kings
Audit & Finance Committee
April 11th, 2024, at 9:00 a.m.**

DRAFT

Meeting, Date and Time

An Audit & Finance Committee (A&F) virtual meeting was held on Thursday, April 11, 2024.

Attending

In attendance:

Committee Members: Councillor Martha Armstrong – District 4 (Chair)
Deputy Mayor Emily Lutz- District 7
Mayor Peter Muttart
David Crabb – Citizen Member

Staff: Greg Barr, Director of Finance & Information Technology
Mike Livingstone, Manager of Financial Reporting
Susan Gray, Recording Secretary

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|---|---|
| 1. Meeting to order: | Councillor Armstrong, Chair, called the meeting to order at 9:02 am |
| 2. Roll Call | |
| 3. Amendments to the Agenda | None. |
| 4. Approval of the Agenda: | On motion of Deputy Mayor Lutz and David Crabb, that the agenda be approved as presented.

Motion carried. |
| 5. Disclosure of Conflict-of-Interest Issues: | None. |
| 6. Business | Mike Livingstone presented the Briefing as included in the April 11, 2024, agenda package. |
| a. Briefing - Municipal Auditor Appointment | There was some discussion around: <ul style="list-style-type: none">• Current fees for 2022/23• Revised fees for next 2 years of the contract• Cost of potential switch to new auditors• Fees for extra work |

That Audit & Finance Committee receive the Municipal Auditor Appointment briefing as information.

On the motion of Mayor Muttart and David Crabb, the Municipal Auditor Appointment Briefing be received.

Motion Carried.

7. Next Meeting: Tuesday, May 28th, 2024, 1:00 p.m. in Tides Room.

8. Adjournment: Meeting adjourned at 9:14p.m.

Approval:
Audit & Finance Committee

Month, Day, Year



Municipality of the County of Kings

For the year ended March 31, 2024

Report to members of the Audit Committee
Audit strategy

May 28, 2024

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Appendix A – Overview and approach
Appendix B – Accounting developments
Appendix C – Auditing developments

Executive summary

Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the consolidated financial statements of Municipality of the County of Kings (the "Municipality") for the year ended March 31, 2024. This communication will assist members of the Audit Committee in understanding the terms of the audit engagement, our proposed audit strategy and the level of responsibility assumed by us.

The information in this document is intended solely for the information and use of Council, the Audit Committee, and management. It is not intended to be distributed to or used by anyone other than these specified parties.

We have obtained our engagement letter dated January 7, 2022, which outlines our responsibilities and the responsibilities of management.

Status of our audit plan

We have substantially completed our initial planning of the audit of the consolidated financial statements of the Municipality.

Approach

Our audit approach requires that we establish an overall strategy that focuses on risk areas. We identify and assess risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The greater the risk of material misstatement associated with an area of the consolidated financial

statements, including disclosures, the greater the audit emphasis placed on it in terms of audit verification and analysis. Where the nature of a risk of material misstatement is such that it requires special audit consideration, it is classified as a significant risk.

Our approach is discussed further in the Appendix A.

Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the Municipality
- Confirming the independence of our engagement team members

We have identified no information regarding our independence that in our judgment should be brought to your attention.

Audit plan and risk assessment

We have planned our audit in accordance with our approach summarized in Appendix A.

Materiality

The purpose of our audit is to provide an opinion as to whether the consolidated financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards as at March 31, 2024. Therefore, materiality is a critical auditing concept and as such we apply it in all stages of our engagement.

The concept of materiality recognizes that an auditor cannot verify every balance, transaction or judgment made in the financial reporting process. During audit planning, we made a preliminary assessment of materiality for the purpose of developing our audit strategy, including the determination of the extent of our audit procedures.

During execution of the audit, we will consider whether materiality should be re-assessed due to changes or events identified. At completion, we will consider not only the quantitative assessment of materiality, but also qualitative factors, in assessing the impact on the consolidated financial statements, our audit opinion and whether matters should be brought to your attention.

Considerations

The following is a summary of matters that relate to changes to the Municipality and its environment that were considered in preparing our audit plan.

Matter	Discussion and impact
Municipality specific changes or transactions	At the time of planning, the audit team identified the change in the accounting software used due to a cyber security breach in the prior year. This change resulted in additional planning procedures surrounding understanding of the new IT system, and system conversion testing to ensure the transfer of account balances from the old system to the new system were accurate and complete.
Laws and regulations	<p>During the course of the audit, we will perform specified audit procedures to help identify instances of non-compliance with laws and regulations that may have a material effect on the consolidated financial statements. An audit of consolidated financial statements is not designed to detect all instances of non-compliance with laws and regulations and does not represent an audit of the Municipality's compliance with applicable laws and regulations.</p> <p>While we have not identified any instances of non-compliance, we would like to know if you are aware of any instances of non-compliance.</p>
Fraud	<p>We are responsible for obtaining reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with those charged with governance and management.</p> <p>During our audit planning, we enquired of management as to their views on the risks of fraud and their processes for identifying and assessing fraud risks. We are not aware of any fraud-related matters that could affect our audit approach. However, we would like to obtain your input on the following areas:</p> <ul style="list-style-type: none">• How you oversee management's processes for identifying and responding to the risks of fraud and the related internal controls that management has put in place• Whether you are aware of any actual, suspected or alleged fraud affecting the Municipality

Significant risks

We identified the following significant risks on which we plan to focus our attention:

Area of risk	Why there is a risk	Planned audit response
Fraud risk from revenue recognition	<p>There is a presumed risk of fraud in revenue.</p> <p>The risk primarily relates to tax, water, sewer and other rate-based revenues recognized including the appropriate cut-off of these revenues.</p>	<ul style="list-style-type: none"> • Perform recalculation of tax revenue from assessments provided by PVSC and approved tax rates. • Perform a test of details on the transactions within the applicable revenue accounts. A test of details involves selecting a sample and tracing the items selected to the underlying supporting documentation, either in the form of invoices, statements of account, service contracts, or other similar items. • Request confirmations of year-end receivable balances and/or trace receipt of subsequent payments. • Compare recorded revenues against expected amounts and perform further verification procedures on unexpected variances.
Fraud risk from management override / segregation of duties	<p>This is a presumed fraud risk.</p> <ul style="list-style-type: none"> • Management is in a unique position where they are responsible for the design and implementation of controls over these financial reporting processes while also able to circumvent controls in order to realize personal gain, insert bias or otherwise manipulate financial information. 	<ul style="list-style-type: none"> • Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the consolidated financial statements. • Review accounting estimates for biases. • Evaluate the business rationale for significant transactions that are or appear to be outside the normal course of business.

Other audit risks

Other areas we have identified where we plan to focus our attention are as follows:

Area of risk	Why there is a risk	Planned audit response
Accounts payable- understated or not recorded in the correct period	The accounts payable balance may be understated due to unidentified obligations as at the year-end date.	<ul style="list-style-type: none">• Perform a search for unrecorded liabilities.• Inquiry procedures, including corroborating follow-up investigation where considered necessary.• Analytical procedures and testing of operating expenses incurred throughout the period.
Compensated absences obligations and expenses understated	Compensated absence obligations require a great deal of judgement and estimation pertaining to expected future outcomes. The related assumptions and calculations often require the expertise of a third-party actuary.	<ul style="list-style-type: none">• Trace recognized obligations and expenses to the actuarial valuation and review of the key facts and assumptions used in preparing the valuation.

Other planning matters

The following is a discussion of relevant planning matters we have considered that are specific to Municipality of the County of Kings.

Group audit

In forming our opinion on the consolidated financial statements, the type of work we plan to perform on the financial information of the components is as follows:

Component	Component auditor	Audit response and engagement team involvement
Valley Regional Solid Waste-Resource Management Authority	MNP LLP	<ul style="list-style-type: none">• Significant components based on size and audit risk, the engagement team will take a targeted approach:• Perform procedures on significant transactions and areas of significant risk.• Review working papers.• Where necessary, maintain regular communication with the component auditor• Non-significant components based on size and audit risk, the engagement team will take an analytical approach:• Perform analytical procedures and where necessary, perform further audit procedures.
Kings Regional Rehabilitation Centre	Morse Brewster Lake	
Kings Transit Authority	BDO LLP	
Valley Community Fibre Network Authority	Grant Thornton	
Valley Regional Enterprise Network	Bishop & Company	

We will coordinate our audit efforts with any component auditors and discuss/communicate relevant audit matters such as materiality, risk assessment, areas of audit focus, timing and required information for our audit of the consolidated financial statements. Our risk assessment and level of involvement in the work of component auditors varies depending on the significance of the component and may include a site visit(s), detailed review of their working papers and performing supplemental audit procedures as appropriate.

Use of experts

We intend to use the work of independent third-party specialists for the valuation of future employee benefits.

The Municipality obtained actuarial valuations for employee sick leave benefit obligations in fiscal 2021. Audit procedures relating to the valuations included in the evaluation of the expert's expertise, and the deliverable provided by the expert including the reliability and relevance of their work.

Public sector accounting standards specifies actuarial valuations for accounting purposes would generally be done once every three years. An updated actuarial valuation is required for fiscal year 2024.

Audit and other services fees

Proposed fees

Service	Current year fees	Prior year fees
Annual audit	\$ 43,150	\$ 50,000
IT system conversion audit	TBD	NA
Total*	\$ 43,150	\$ 37,000

*before administrative costs, disbursements and applicable taxes

Deliverables

Deliverable
Communication of audit strategy
Report on the March 31, 2024 consolidated financial statements
Communication of audit results

Fee considerations

Upfront and periodic discussions are central to our approach in dealing with fees. Our goal is to avoid surprises by having early and frank communication. We wish to provide you with a competitive price and fair value, while also allowing sufficient audit hours to conduct an effective audit and deliver quality service.

We have established a proposed fee for the audit for the year ended March 31, 2024 that is based on the level of activity and the anticipated complexity of the audit of the Municipality's consolidated financial statements. If there are any variances to the above plan, we will discuss them with you and agree on any additional fees before costs are incurred, wherever possible. Any unforeseen work outside the scope of this proposal will be billed separately after discussion with management and/or the Audit & Finance committee.

The proposed fee is based on receiving the following from management:

- Draft consolidated financial statements including the notes to the consolidated financial statements
- All working papers and schedules as outlined in our requirements letter
- Trial balance together with reconciled control accounts
- All books and records when requested
- Use of Municipality staff to help us locate information and provide explanations

Team, timing and communications

Timing and communications

We are committed to delivering exceptional client service and executing our audit in the most effective, efficient and timely manner. The planned timing of our audit work and the deliverables we will provide to members of the Audit Committee are as follows:

Stage or deliverable	Timing/Status
Discussions and communications regarding planning	May 2024
Planning	May 2024
Communication of audit planning	May 2024
Performance of fieldwork	July 2024
Communication of audit results	September 2024

In our communication of audit results, we will report on the following matters:

- Our views on significant accounting practices
- Significant difficulties, if any, encountered during the audit
- Misstatements, other than trivial errors
- Actual or suspected fraud or illegal acts
- Significant deficiencies in internal control
- Other significant audit matters, as applicable

Team

Engagement team member	Role
Jessica Clahane, CPA, CA Partner P +1 902 690 2011 E Jessica.Clahane@ca.gt.com	As Lead Audit Services Partner, Jessica will act as the main point of contact; attending meetings and keeping in contact with management throughout the year.
Victoria Ells, CPA Senior Manager P +1 902 690 2038 E Victoria.Ells@ca.gt.com	As Senior Manager, Victoria will provide oversight and direction to the field audit engagement team, as well as completing file and financial statement review.

Technical updates – highlights

Accounting

Further details of the changes to accounting standards, including management's preliminary comments on their applicability to the Municipality, are included in Appendices. If you have any questions about these changes we invite you to raise them during our next meeting. We will be pleased to address your concerns.

Assurance

Further details of the changes to assurance standards, including management's preliminary comments on their applicability to the Municipality, are included in Appendices. If you have any questions about these changes we invite you to raise them during our next meeting. We will be pleased to address your concerns.

Appendix A – Overview and approach

Our audit is planned with the objective of obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, so that we are able to express an opinion on whether the consolidated financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards. The following outlines key concepts that are applicable to the audit, including the responsibilities of parties involved, our general audit approach and other considerations.

Roles and responsibilities

Role of the audit committee	<ul style="list-style-type: none">• Help set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention• Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting• Recommend the nomination and compensation of external auditors to the board• Directly oversee the work of the external auditors including reviewing and discussing the audit plan
Role of management	<ul style="list-style-type: none">• Prepare consolidated financial statements in accordance with Canadian public sector accounting standards• Design, implement and maintain effective internal controls over financial reporting processes, including controls to prevent and detect fraud• Exercise sound judgment in selecting and applying accounting policies• Prevent, detect and correct errors, including those caused by fraud• Provide representations to external auditors• Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the consolidated financial statements
Role of Grant Thornton LLP	<ul style="list-style-type: none">• Provide an audit opinion that the consolidated financial statements are in accordance with Canadian public sector accounting standards• Conduct our audit in accordance with Canadian Generally Accepted Auditing Standards (GAAS)• Maintain independence and objectivity• Be a resource to management and to those charged with governance• Communicate matters of interest to those charged with governance• Establish an effective two-way communication with those charged with governance, to report matters of interest to them and obtain their comments on audit risk matters

Audit approach

Our understanding of the Municipality and its operations drives our audit approach, which is risk based and specifically tailored to Municipality of the County of Kings.

The five key phases of our audit approach



Phase	Our approach
1. Planning	<ul style="list-style-type: none">• We obtain our understanding of your operations, internal controls and information systems• We plan the audit timetable together
2. Assessing risk	<ul style="list-style-type: none">• We use our knowledge gained from the planning phase to assess financial reporting risks• We customize our audit approach to focus our efforts on key areas
3. Evaluating internal controls	<ul style="list-style-type: none">• We evaluate the design of controls you have implemented over financial reporting risks• We identify areas where our audit could be more effective or efficient by taking an approach that includes testing the controls• We provide you with information about the areas where you could potentially improve your controls
4. Testing accounts and transactions	<ul style="list-style-type: none">• We perform tests of balances and transactions• We use technology and tools, including data interrogation tools, to perform this process in a way that enhances effectiveness and efficiency
5. Concluding and reporting	<ul style="list-style-type: none">• We conclude on the sufficiency and appropriateness of our testing• We finalize our report and provide you with our observations and recommendations

Our tailored audit approach results in procedures designed to respond to an identified risk. The greater the risk of material misstatement associated with the account, class of transactions or balance, the greater the audit emphasis placed on it in terms of audit verification and analysis.

Throughout the execution of our audit approach, we will maintain our professional skepticism, recognizing the possibility that a material misstatement due to fraud could exist notwithstanding our past experiences with the Municipality and our beliefs about management's honesty and integrity.

Internal control

Our audit will include gaining an understanding of the Municipality's internal control over financial reporting. Our understanding will focus on processes associated with the identified risk areas, as described in this report. We use this understanding to determine the nature, extent and timing of our audit procedures.

Our understanding may also result in valuable internal control findings for your consideration. Note that the auditor's objectives with regards to internal control are different from those of management and those charged with governance. For example, we primarily target controls that relate to financial reporting and not those that relate to the Municipality's operations or compliance which may also be relevant to its objectives. Therefore, management and those charged with governance cannot solely rely on our findings to discharge their responsibilities in this area.

Quality management

We have a robust system of quality management that forms a core part of our client service and is designed to ensure the firm is meeting its quality objectives by designing responses to address identified quality risks. We combine numerous specific responses including the application of our internationally developed audit methodology, advanced audit technology, rigorous review procedures, mandatory professional development requirements, and the use of specialists to consistently deliver high quality audit services to our clients. We also monitor the design, implementation and operating effectiveness of each element of our system of quality management to ensure that we are appropriately addressing the quality risks and to identify deficiencies and required remedial actions in the system of quality management. In addition to our internal processes, we are subject to inspection and oversight by standard setting and regulatory bodies. We are proud of our firm's approach to quality management and would be pleased to discuss any aspect with you at your convenience.

Data analysis software

We apply our audit methodology using advanced software tools. Grant Thornton continues to invest in developing industry-leading advanced audit data analytics tools.

IDEA

IDEA Data Analysis Software is a powerful analysis tool that allows audit teams to read, display, analyze, manipulate, sample and extract data from almost any electronic source. The tool has the advantages of enabling the audit team to perform data analytics on very large data sets in a very short space of time, while providing the checks, balances and audit trail necessary to ensure that the data is not corrupted and that the work can be easily reviewed. SmartAnalyzer, an add-on to IDEA, further improves the efficiency and effectiveness of the audit by providing automated routines for certain common analytical tasks, such as identifying unusual and potentially fraudulent journal entries.

Appendix B – PSAS

Accounting developments

Public Sector Accounting Standards [updated March 31, 2024]	Effective date
<p>2022-2023 Annual Improvements to PSAS</p> <p>The Public Sector Accounting Board (PSAB) has adopted an annual improvements process to make minor improvements to standards which include clarifying guidance or wording within the standards or correcting relatively minor unintended consequences, conflicts or oversights.</p> <p>The following standards were amended in the 2022-2023 process:</p> <ul style="list-style-type: none">• Section PS 3160 <i>Public Private Partnerships</i> The amendment updated the transitional provisions to explicitly state that early adoption is permitted.• Section PS 3420 <i>Inter-Entity Transactions</i> The amendment clarifies that PSG-8 <i>Purchased Intangibles</i> applies to inter-entity transactions.	Effective April 1, 2023 (Immediately)

Section PS 1202 Financial Statement Presentation

New Section PS 1202 *Financial Statement Presentation* replaces Section PS 1201 *Financial Statement Presentation*.

The main features of the new Section include:

- Changes to the statement of financial position to present financial assets, non-financial assets, total assets, financial liabilities, non-financial liabilities total liabilities and net assets/net liabilities
- Separate statement of changes in net assets or net liabilities (formerly known as accumulated surplus) by required categories
- The addition of a statement of net financial assets or net financial liabilities that presents a revised net financial assets or net financial liabilities (formerly known as “net debt”) calculation
- The option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities
- Ability to present an amended budget when there is an election or the majority of the governing body of a government organization is newly elected or appointed
- The requirement to provide a subtotal prior to financing activities in the statement of cash flow
- Guidance on assessing the going concern assumption

As a result of the issuance of the new Section, various Sections and Guidelines of the Handbook have been amended to include references to the Section. The impacted Sections and Guidelines include:

- | | |
|--|---|
| • PS 1300 <i>Government Reporting Entity</i> | • PS 3260 <i>Liability for Contaminated Sites</i> |
| • PS 2120 <i>Accounting Changes</i> | • PS 3280 <i>Asset Retirement Obligations</i> |
| • PS 2500 <i>Basic Principles of Consolidation</i> | • PS 3300 <i>Contingent Liabilities</i> |
| • PS 2510 <i>Additional Areas of Consolidation</i> | • PS 3310 <i>Loan Guarantees</i> |
| • PS 2601 <i>Foreign Currency Translation</i> | • PS 3400 <i>Revenue</i> |
| • PS 3041 <i>Portfolio Investments</i> | • PS 3410 <i>Government Transfers</i> |
| • PS 3060 <i>Interest in Partnerships</i> | • PS 3430 <i>Restructuring Transactions</i> |
| • PS 3070 <i>Investments in Government Business Enterprises</i> | • PS 3450 <i>Financial Instruments</i> |
| • PS 3100 <i>Restricted Assets and Revenues</i> | • PS 4200 <i>Financial Statement Presentation by Not-for-Profit Organizations</i> |
| • PS 3160 <i>Public Private Partnerships</i> | • PSG-2 <i>Leased Tangible Capital Assets</i> |
| • PS 3230 <i>Long-Term Debt</i> | • PSG-4 <i>Funds and Reserves</i> |
| • PS 3250 <i>Retirement Benefits</i> | • PSG-5 <i>Sale-Leaseback Transactions</i> |
| • PS 3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i> | |

Fiscal years beginning on or after April 1, 2026.

Earlier adoption is permitted only if the Conceptual Framework is also adopted at the same time.

Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in Section PS 1202.

Conceptual Framework for Financial Reporting in the Public Sector

PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces Sections PS 1000 *Financial Statement Concepts* and PS 1100 *Financial Statement Objectives*.

The new Conceptual Framework includes:

- Characteristics of public sector entities
- Objectives of financial reporting
- Primary users of financial reporting and their expectations
- Role of financial statements
- Foundations and objectives of financial statements
- Qualitative characteristics of information in financial statements
- Qualitative characteristics of information in financial statements and related considerations
- Definitions of elements
- Criteria of general recognition and derecognition; and,
- Concepts of general measurement and presentation

As a result of the issuance of the Conceptual Framework, various Sections and Guidelines of the Handbook have been amended to include references to the new Conceptual Framework, add/clarify key definitions that are consistent with the Conceptual Framework, and/or remove references to qualitative characteristics that are no longer qualitative characteristics in the new Conceptual Framework. These Sections include:

- Introduction to the Public Sector Accounting Handbook (formerly the Introduction to the Public Sector Accounting Standards)
- PS 1150 *Generally accepted Accounting Principles*
- PS 1201 *Financial Statement Presentation*
- PS 1300 *Government Reporting Entity*
- PS 2100 *Disclosure of Accounting Policies*
- PS 2120 *Accounting Changes*
- PS 2130 *Measurement Uncertainty*
- PS 2200 *Related Party Transactions*
- PS 3150 *Tangible Capital Assets*
- PS 3200 *Liabilities*
- PS 3210 *Assets*
- PS 3400 *Revenue*
- PS 3430 *Restructuring Transactions*
- PS 3450 *Financial Instruments; and*
- PS 4230 *Capital Assets Held by Not-for-Profit Organizations*

The Conceptual Framework will be applied prospectively.

Fiscal years beginning on or after April 1, 2026.

Earlier adoption is permitted.

Section PS 3160 *Public Private Partnerships*

New Section PS 3160 *Public Private Partnerships* establishes standards on how to account for public private partnerships between public and private sector entities where infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use and operate and/or maintain the infrastructure. Infrastructure typically includes items such as tangible capital assets (i.e., complex network systems), but may also include items that are intangible in nature. The main features of the new Section are:

- The infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is also recognized when the public sector entity recognizes an asset
- The infrastructure asset and corresponding liability are initially measured at the cost of the infrastructure asset
- Subsequent measurement of the infrastructure asset is based on the asset cost amortized in a rational and systematic manner over the useful life of the asset
- Subsequent measurement of the financial liability is at amortized cost using the effective interest method. When all or a portion of the liability represents a performance obligation, revenue is recognized, and the liability reduced in accordance with the substance of the public private partnership agreement (as performance is achieved)

Retrospective or prospective application is permitted.

Fiscal years beginning on or after April 1, 2023.

Earlier adoption is permitted.

Section PS 1000 *Financial statement concepts*, Section 1201 *Financial Statement Presentation*, and PSG-8 *Purchased intangibles*

Section PS 1000 has been amended to remove the prohibition of recognition of purchased intangibles in public sector financial statements. Consequentially, Section PS 1201 has also been amended to remove disclosure requirements for unrecognized purchased intangibles since entities can now recognize purchased intangibles in their financial statements. Entities still reporting in accordance with Section PS 1200 *Financial Statement Presentation* can also adopt the amendments and recognize purchased intangible assets. New Public Sector Guideline, PSG-8 *Purchased intangibles*, has been issued to explain the scope of the intangibles that are allowed to be recognized in the financial statements given this amendment to Section PS 1000. However, it is important to note that no further recognition, measurement, disclosure and presentation guidance has been provided.

The main features of PSG-8 include:

- A definition of purchased intangibles (which does not include those received through a government transfer, contribution or inter-entity transaction)
- Examples of items that are not purchased intangibles
- References to other guidance in the Handbook on intangibles
- Reference to the asset definition, general recognition criteria and the GAAP hierarchy for accounting for purchased intangibles

Retrospective or prospective application is permitted.

Fiscal years beginning on or after April 1, 2023.

Earlier adoption is permitted.

Section PS 3400 Revenues

New Section PS 3400 *Revenue* establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e., exchange transactions) and transactions that do not have performance obligations (i.e., non-exchange transactions). The main features of the new Section are:

- Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer
- Revenue from transactions with performance obligations will be recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer
- Revenue from transactions with no performance obligations will be recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset

Fiscal years beginning on or after April 1, 2023.

Earlier adoption is permitted.

Appendix C – Auditing developments

Canadian Auditing Standards (CASs) and other Canadian Standards issued by the AASB	Effective date
<p>Issuance of CSQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</i>, CSQM 2 <i>Engagement Quality Reviews</i> and revised CAS 220 <i>Quality Management for an Audit of Financial Statements</i></p> <p>Auditors must effectively manage audit quality, both at the firm level and the engagement level. The IAASB recognised a need to strengthen standards addressing quality control and the AASB implemented similar changes to those made at the international level. In January 2021, the AASB unanimously approved the suite of quality management standards.</p> <p>CSQM 1 introduces a new approach to “managing quality”. Quality management is intended to be proactive in nature and to be a continuous process. Implementing the new standard requires firms to analyse and enhance many of their internal processes to achieve effective quality management. This standard replaces the extant standard, CSQC 1 <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i></p> <p>CSQM 2 deals specifically with the topic of engagement quality reviews (EQRs), which are performed by firms to obtain an objective evaluation of the significant judgments made by the engagement team and the conclusions reached. The standards setters recognized the importance of EQRs and noted that many stakeholders (including oversight bodies) were concerned that the requirements of CSQM 1 with respect to EQRs were not sufficiently robust. As a result, CSQM 2 was issued. CSQM 1 deals with the topic of when an EQR should be performed, while CSQM 2 covers the appointment and eligibility considerations related to the person performing the EQR and the performance and documentation requirements.</p> <p>CAS 220 was revised to clarify and strengthen the key elements of quality management at the engagement level by:</p> <ul style="list-style-type: none"> • emphasizing that the engagement partner is responsible for managing and achieving quality at the engagement level • clarifying the engagement partner’s responsibilities, and acknowledging the engagement partner can assign certain tasks/procedures to members of the engagement team who are appropriately skilled or suitably experienced in managing and achieving quality • modernizing the standard for the evolving environment 	<p>CSQM 1 is effective for audits or reviews of financial statements or other assurance engagements as of December 15, 2022 and related services engagements as of December 15, 2023.</p> <p>CSQM 2 is effective for audits or reviews of financial statements with periods beginning on or after December 15, 2022, other assurance engagements beginning on or after December 15, 2022 and related services engagements beginning on or after December 15, 2023.</p> <p>CAS 220 is effective for audits of financial statements for periods beginning on or after December 15, 2022.</p>

Canadian Auditing Standards (CASs) and other Canadian Standards issued by the AASB	Effective date
<p>Revisions to CAS 600 <i>Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)</i></p> <p>Many audits today are of group financial statements, also known as group audits, and these types of engagements can be very challenging. In April 2020, the International Auditing and Assurance Standards Board (IAASB) issued an Exposure Draft proposing changes to ISA 600 and related ISAs with the goals of strengthening the auditor's approach to planning and performing group audits and clarifying the interaction of ISA 600 with other ISAs and issued the final standard in 2022. The AASB issued the equivalent Canadian standard, which included the same revisions as the ISA with no Canada-specific amendments. The changes made to the standard were designed to:</p> <ul style="list-style-type: none"> • Clarify the scope and applicability of the standard • Emphasise the importance of exercising professional skepticism throughout the group audit • Clarify and reinforce that all CASs need to be applied in a group audit situation • Focus the group engagement team's attention on identifying and assessing the risks of material misstatement of the group financial statements and emphasise the importance of designing procedures to respond to those risks • Reinforce the need for robust communication between the group engagement team and component auditors <p>Include new guidance and considerations relating to testing common controls, addressing access restrictions, establishing materiality and documenting group audits.</p>	<p>Periods beginning on or after December 15, 2023.</p>
Canadian Exposure Drafts issued by the AASB	Effective date
<p>Potential revisions to CAS 500 <i>Audit Evidence</i></p> <p>The current audit evidence standard was issued many years ago. Since then, developments in technology have affected how entities operate and process information and how audits are performed. In December 2020, the IAASB initiated a project to revise the current standard to respond to changes in the business environment. The Exposure Draft proposes several key changes:</p> <ul style="list-style-type: none"> • To respond to changes in the information auditors use, including the nature and source of the information, a set of attributes has been developed to enhance the auditor's principle-based judgments related to audit evidence in a wide variety of circumstances. Enhancements and clarifications have also been made regarding the auditor's role when using information prepared by management's expert • To modernise the standard and support a principles-based approach that recognises the evolution in technology, new application material has been added, including explanations of how automated tools may affect auditor bias and examples that recognise the use of technology by the entity or the auditor • To foster professional skepticism when making judgments about information to be used as audit evidence and sufficient appropriate audit evidence, language has been added to emphasise the importance of maintaining professional skepticism at various stages, such as when attempting to ensure that audit procedures are being designed and performed in an unbiased manner. 	<p>The comment period for the Exposure Draft ended on March 15, 2023. It is expected that the effective date for the revised standard will be for periods beginning in 2025, but the exact effective date will depend on when the standard is approved.</p>

Canadian Exposure Drafts issued by the AASB**Effective date**

Potential revisions to CAS 570 *Going Concern*

Auditors are required to obtain sufficient appropriate audit evidence on the appropriateness of management's use of the going concern basis of accounting and conclude on whether a material uncertainty exists in relation to going concern. Financial statement users have raised questions about how much auditors should be able to detect from their audit procedures in this area, and what is communicated to users about the entity's ability to continue as a going concern. This led the IAASB to initiate a project to revise the standard. In April 2023, the IAASB issued its Exposure Draft and the AASB has issued a corresponding Exposure Draft. The Exposure Draft proposes several key changes, which include:

- Defining material uncertainty related to going concern
- Enhancing the risk identification and assessment requirements so they are consistent with those set out in CAS 315 (Revised) *Identifying and Assessing the Risks of Material Misstatement*
- Enhancing the auditor's evaluation of management's going concern assessment, including requirements to support the auditor's application of professional skepticism
- Adding a requirement for the auditor to request management to extend its going concern assessment of the entity to cover at least 12 months from the date of approval of the financial statements if management has not already done so
- Enhancing the auditor's consideration of information related to management's going concern assessment that becomes available to the auditor after the date of the auditor's report but before the date the financial statements are issued
- Adding requirements to enhance communications about going concern in the auditor's report.

The comment period for the Exposure Draft ended on July 31, 2023. It is expected that the effective date for the revised standard will be for periods beginning in 2026, but the exact effective date will depend on when the standard is approved.

Proposed Canadian Standard on Sustainability Assurance (CSSA) 5000, *General Requirements for Sustainability Assurance Engagements*

In September 2022, the IAASB approved a project proposal to develop a new overarching standard for sustainability assurance engagements. In January 2023, the AASB approved a project proposal to concurrently adopt this international standard with any potential additional Canadian amendments, as a first of its kind Canadian Standard on Sustainability Assurance (CSSA).

CSSA 5000 will not be a financial statement audit standard, but rather will serve as a comprehensive, standalone standard suitable for sustainability assurance engagements. It will apply to sustainability information reported across any appropriate sustainability topic, prepared according to any suitable framework, including the recently released IFRS Sustainability Disclosure Standards S1 and S2. The proposed standard is profession agnostic, supporting its use by both professional accountant and non-accountant assurance practitioners who meet the relevant ethical and quality management requirements, and will apply to both limited and reasonable assurance engagements.

The comment period for the Exposure Draft ended on November 6, 2023. It is expected that the effective date will be for periods beginning in 2026, but the exact effective date will depend on when the standard is approved.

TO	Audit and Finance Committee
PREPARED BY	Kevin Wheaton, Financial Analyst
MEETING DATE	May 28, 2024
SUBJECT	Capital Accountability Report, Fiscal 2023/24 Q3

ORIGIN

- First introduction to Audit & Finance Committee.

RECOMMENDATION

That Audit & Finance Committee recommend the Capital Accountability Report (for period ended December 31, 2023) as an information item to Municipal Council.

INTENT

To provide a summary of actual results as of December 31, 2023 and forecast year-end results as of March 31, 2024, as well as any material variances from amounts budgeted in the 2023/24 Capital Budget.

DISCUSSION

This report represents actual activity to the end of December 2023 and forecast results for the fiscal year 2023/24. Discussions have occurred with Managers and Directors across the organization to determine the status of each project as of December 31, 2023.

This Capital Accountability Report details the budget amounts, forecast expenditures for the fiscal year, and forecast variances (remaining budget) for each capital project as of March 31, 2024.

Each project listed in the Capital Accountability Report is flagged with an icon that labels its status. A green circle indicates the project is complete, or is expected to be completed, on time and on budget. A yellow circle indicates the project has deviated, or is expected to deviate, from the budget, timeline and/or scope; but will be completed. A red circle indicates the project is not expected to move forward in the current or following fiscal year.

The 2023/24 budget included a significant amount of project carry over that was realized in the fiscal 2022/23 year-end actuals. The Capital Accountability Report for 2023/24 Q3 shows carryover occurring again. The 2024/25 budget estimated carryover of \$19,850,313, however this report indicates revised carryover could be closer to \$22,202,384. A large majority of project underspending is in the Municipal and Regional Sewer projects and the Greenwood Water Utility. There are also three notable general rate projects with significant budget underspending in 2023/24. Nine projects¹ make up 82.0% (\$18,212,440) of the \$22,202,384 budget variance.

¹ Project Numbers: 08-1714, 08-3408, 08-3409, 08-3410, 20-3405, 17-4401, 11-2408, 22-3403, 23-3403

Information Technology

Two projects are expected to be complete by year-end, with budget savings in both cases. The Accounting & Asset Management Software project is showing a forecasted 95% year-end variance, as the planned replacement of the existing accounting software package has been put on hold until the current iCity cloud-hosting agreement expires in fiscal 2026/27. The Fibre/Wireless Hybrid Connectivity project has a projected 94.7% year-end variance, due to delay in construction of the Aylesford STP and Sandy Court Water connections until the decision was made not to move forward with the Aylesford Broadband Pilot project.

Project Name	Project #	Budget	Projected	Variance (\$)	Variance (%)
Hardware Evergreening	08-1102	69,750	51,436	●	18,314 26.3%
1 mirrorless camera, 5 workstations, 5 monitors, and 3 Toughbooks were purchased in Q1. 1 workstation and 1 monitor were purchased in Q2. 17 workstations were purchased in Q3.					
Network Upgrades	08-1101	98,000	38,374	●	59,626 60.8%
All work on this project was completed by the end of Q2. This work included installation/configuration of a new firewall pair, migration of e-mail from Exchange Server to Exchange Online and installation/configuration of a new Linux hardened backup system. This project is significantly under budget as all individual items were purchased below budget estimates, with significant savings on the firewall in particular, due to availability of a new cost-effective model that met MoK needs.					
Accounting & Asset Management Software	16-1103	294,136	14,854	●	279,282 95.0%
Onsite training for the Unversus Asset Management platform occurred in Q1, and the system is now operational. No further project spending will occur, as this project is now on hold until the current iCity cloud-hosting agreement expires in 3 years.					
Fibre/Wireless Hybrid Connectivity	17-1103	322,845	17,079	●	305,767 94.7%
A door-access control system was installed at the Greenwood STP, as part of the prior years work which connected the facility to the Municipal network. Emergency replacement of fibre at the Waterville STP and purchase of fibre tags for the previously constructed Greenwood STP connection occurred in Q4. Construction of connections to Aylesford STP and Sandy Court Water were delayed until a decision on the Aylesford Broadband Pilot was made, this will now move forward as that pilot project has been discontinued. Construction of fibre to the new Greenwood Water wellfield was delayed due to staff availability after the cyber incident (since the overall project is delayed pending UARB approval, then the delay does not pose any risk for that project).					
Aylesford Broadband Pilot	22-1101	180,000	-	●	180,000 100.0%
This project has been discontinued by motion of Council and no project spending will occur.					
Total		964,731	121,743		842,988 87.4%

Municipal Buildings

Both projects in this category have large forecasted year-end variances. The Municipal Complex Accessibility project is expected to end the year well under budget, as expenditures on the installation of automatic door openers were significantly lower than originally planned. Delay in commencement of construction of a gravel pad with security fencing, and the carry over of this work to 2024/25, have resulted in the Waterville Warehouse Upgrades project showing significant underspending.

Project Name	Project #	Budget	Projected	Variance (\$)	Variance (%)
Municipal Complex Accessibility	21-1301	127,000	43,884	●	83,116 65.4%
Installation of automatic door openers in Admin Centre was 90% complete at end of 2023/24 (Q4). Currently waiting on an in-house electrician to connect power to the door openers, with anticipated completion 2024/25 (Q1).					
Waterville Warehouse Upgrades	22-1301	200,000	21,611	●	178,389 89.2%
This project has been carried over in its entirety to 2023/24.					
Total		327,000	65,495		261,505 80.0%

Roads and Sidewalks

Sidewalk project delays have resulted in a large amount of forecast carry over, and projects are now expected to be complete by 2024/25 (Q2). No activity took place in the Municipal Road Remediation project and as such the reserve funds budgeted to finance the project have been retained and will be available for future projects.

Project Name	Project #	Budget	Projected		Variance (\$)	Variance (%)
Pedestrian Infrastructure	08-1714	2,184,022	1,093,916	●	1,090,106	49.9%
West Kings sidewalk project was temporarily put on hold for winter season and will reconvene in 2024/25 (Q1) (for concrete work). Scott Drive sidewalk project is temporarily on hold, based on environmental restrictions, with anticipated project completion in 2024/25 (Q2).						
Municipal Road Remediation	13-1702	100,000	-	●	100,000	100.0%
No activity took place on this project during 2023/24.						
Total		2,284,022	1,093,916		1,190,106	52.1%

Parks and Recreation

The sole project in this category is the Park Facility Upgrades project, which included completion of construction of a new washroom facility at Aylesford Lake Beach. The facility was completed in the summer of 2023, and this project is forecast to be underbudget at year-end, after factoring budget revisions preapproved in September of 2022 and implemented into the 2023/24 project budget.

Project Name	Project #	Budget	Projected		Variance (\$)	Variance (%)
Park Facility Upgrades	15-1601	593,703	518,856	●	74,846	12.6%
Construction of the new washroom facility at Aylesford Lake Beach was complete in 2023/24 (Q1).						
Total		593,703	518,856		74,846	12.6%

Special Projects

Several projects in this category have made significant progress or reached completion by fiscal year-end. Progress continued on the Regional Recreation Facility Study project with no expenditures being incurred, as the work was done in-house. The Polling District Review project was finalized without the need for any additional expenditures over those previously made in 2022/23. A significant amount of work, under the Active Transportation Infrastructure project, was completed during 2023/24. This work included the construction of 12 kilometres of pedestrian/bike lanes along three segments of roadway in three different areas of the Municipality. This construction was enabled through specific grant funding received from the Province. The IMSA Pilot, Municipal Infrastructure Development Strategy, and the Asset Management/Capacity Building Study projects have progressed, though will carry over to 2024/25. The Municipal Fleet & EV Charging Stations project saw the purchase of six new hybrid vehicles to replace existing older vehicles and expand the fleet to accommodate additional personnel. Design work for new EV charging stations continued throughout the fiscal year and was nearing completion at year-end.

Other projects in this category have experienced delays due to the cyber disruption, significant personnel changes, as well as other factors, and include the Wind, Light Manufacturing Park Development Study, Water – Village of Kingston, Traffic & Pedestrian Study – Coldbrook Village Park, Municipal Accessibility Upgrades, Rain Gauges & Wind Monitoring, Light Manufacturing Park Construction, and Municipal Entrance Signage projects.

The Broadband – CTI project was not included in the 2023/24 budget, but had an unexpected expenditure related to work done in fiscal 2022/23. The Fire Service Delivery – Greenwich & Wolfville project, initiated in the 2024/25 budget, is expected to have a

Special Projects (Continued)

small level of early expenditures to be incurred in 2023/24, coinciding with the start of work by the Project Coordinator.

Project Name	Project #	Budget	Projected	Variance (\$)	Variance(%)
Wind	18-3403	240,323	-	240,323	100.0%
Project is on hold while the Municipality awaits a decision from the Department of National Defense regarding the impact of wind turbines on radar.					
Light Manufacturing Park Development Study	18-3404	125,000	-	125,000	100.0%
Internal discussion was started between Director EPW, DCAO and Business Development Coordinator, regarding future needs and what to include in the study. Request for proposal planned for release in 2024/25 (Q1).					
J-Class Road Assessment	18-3406	-	-	-	0.0%
No work performed to date on this project. Project is bi-annual, with work reconvening in 2024/25 (Q2).					
Water - Village of Kingston	18-3407	96,809	-	96,809	100.0%
Project study planned to be reinitiated by Engineering Dept in 2024/25 (Q1).					
Traffic & Pedestrian Study – Coldbrook Village Park	19-3405	50,000	-	50,000	100.0%
Provincial road repaving has supported immediate award of design of sidewalk extending from Kentville (town line), under the Highway 101 corridor, to the commercial district of Coldbrook. Design and construction are planned to start in 2024/25 (Q1), with a planned completion in 2024/25 (Q3).					
Regional Recreation Facility Study	21-3403	57,700	-	57,700	100.0%
No expenses were incurred for this fiscal year, as all work was completed internally.					
Polling District Review	22-3401	13,974	-	13,974	100.0%
Project is complete and has been finalized. There were no expenditures during fiscal 2023/24.					
Municipal Accessibility Upgrades	22-3402	175,000	-	175,000	100.0%
Facilities Coordinator to meet with Accessibility Coordinator to discuss how this budget will be distributed for fiscal 2024/25.					
Active Transportation Infrastructure	22-3403	2,688,585	1,972,470	716,115	26.6%
Widening and paving of three road segments to create a separate space for active transportation was complete in 2023/24 (Q3). These three segments include Trunk 1 (Aylesford Rd to Morden Rd) (5.3km), Greenfield Rd (Gaspereau River Rd to Slayter Rd) (0.7km), and Route 359 (Kentville Boundary to Route 221) (5.7km). Construction work on additional AT projects was paused during winter; work to reconvene during construction season in 2024/25 (Q1), with planned completion in 2024/25 (Q3).					
IMSA Pilot	22-3404	391,800	137,151	254,649	65.0%
Consultants have been engaged in accordance with the terms of the Interim Intermunicipal Service Agreement (related to the Valley Region Solid Waste-Resource Management Authority and the Kings Transit Authority). These consultants have been charged with several deliverables related to electrification of the transit fleet and change management.					
Municipal Infrastructure Development Strategy	22-3405	547,555	10,049	537,506	98.2%
Design work (related to expansion of the Canning STP) and consulting services (relating to Municipal Planning Strategy edits - Greenwood) were performed during fiscal 2023/24.					
Asset Management/Capacity Building Study	22-3408	405,000	42,758	362,242	89.4%
Work with AIM Network has continued to progress in cooperation with MOK and Village contacts, with planned completion in 2024/25 (Q4).					
Rain Gauges & Wind Monitoring	23-3401	30,000	-	30,000	100.0%
This project/budget has been deferred to fiscal 2024/25. The project scope has been expanded to encompass feasibility studies for climate change related initiatives such as wastewater-to-energy solutions and options for renewable energy.					
Light Manufacturing Park Construction	23-3402	-	-	-	0.0%
No project work was budgeted or performed in 2023/24. This project has been deferred, pending outcome and direction of the related study project (18-3404).					

Special Projects (Continued)

Municipal Fleet & EV Charging Stations	23-3403	1,734,876	422,708	●	1,312,169	75.6%
Two hybrid half-ton trucks (for Engineering & Public Works) were purchased in June & July 2023. A hybrid SUV (for Community Development) and three hybrid SUV's (for Planning & Inspections) were purchased in January 2024. Design work for EV charging stations continued through 2023/24 and was nearing completion by the fiscal year-end.						
Municipal Entrance Signage	23-3404	42,600	-	●	42,600	100.0%
Project has been deferred to fiscal 2024/25.						
Meadowview Solar Garden	23-3405	-	-	●	-	-
No project work was budgeted or performed in 2023/24.						
Broadband – CTI	18-3401	-	4,485	●	4,485	-
Final "Make Ready" billing from Bell Aliant received in Q1. This expenditure relates to work that was done in fiscal 2022/23.						
Fire Service Delivery - Greenwich & Wolfville	24-3404	-	2,500	●	2,500	-
Project Coordinator has begun work and, as such, a small amount of costs have been incurred prior to the end of fiscal 2023/24.						
Total		6,599,222	2,501,520		4,097,702	62.1%

Municipal Sewer

Several of the projects in this category have experienced delays and are expected to carry over to 2024/25. The disruption caused by the cyber incident, as well as significant personnel changes, were the main causes of delay for these projects, except for the Greenwood Sewer Extensions project, which has been delayed while the Municipality works with a landowner to acquire the easements needed. Two projects were completed on time and under budget and include EPW Equipment & OHS and Laboratory Building Assessment.

Project Name	Project #	Budget	Projected		Variance (\$)	Variance (%)
Lift Station Replacements	08-3408	2,870,406	53,415	●	2,816,990	98.1%
Project is design ready for 3 of 4 lift stations (CK4, AT3 & CB2). AD2 requires re-design due to infrastructure location complexities and has been issued to the design consultant. Construction is planned for completion in 2024/25 (Q4). New lift station panels have been purchased for GP1, CK5, CG3, AT8, AD2 & CB3, with anticipated delivery in 2024/25 (Q1).						
Sewer Treatment Plant Infrastructure Renewal	08-3409	3,975,769	188,173	●	3,787,597	95.3%
2023/24 expenditures included a Seepex pump for the Greenwood STP (to be installed in-house in 2024/25 (Q2), air lift pumps for Greenwood STP sand filters (to be installed in-house in 2024/25 (Q2), flanges/couplings/gaskets for Aldershot STP for new effluent pump (installed in-house in 2023/24 (Q4), a Grindex pump for the Hants Border STP for recirculation/reseed pump (installed in house in 2023/24 (Q4), completion of engineering studies for construction of the new screen buildings for Aylesford, Canning, and Hants Border (to be constructed in 2024/25 (Q4), and commencement of engineering studies for new screening buildings for Avonport, Aldershot, and Waterville (to be completed by 2024/25 (Q4). A new well for the Aylesford STP is to be constructed in 2024/25 (Q4). Desludging of lagoons (Canning & Greenwood) will now be done under Project #24-3402 in 2024/25 (Q2).						
Sewer Collection Line Replacement	08-3410	1,784,751	105,184	●	1,679,567	94.1%
Mee Rd sewer line Design RFP was released in 2023/24 (Q4). Construction is planned for 2024/25 (Q2), with anticipated completion in 2024/25 (Q3). Chapel Rd design work is approximately 75% complete. Design to be completed and released to public tender in 2024/25 (Q1), with project completion anticipated in 2024/25 (Q3). Numerous sewer laterals have been installed across the Municipality in 2023/24.						
EPW Equipment & Occupational Health/Safety	10-3409	55,000	14,039	●	40,961	74.5%
Minor shop equipment purchases to date; additional H&S equipment, including safety vests and hard hats, was purchased in 2023/24 (Q4).						
SCADA System	19-3403	110,000	6,695	●	103,305	93.9%
The purpose of this project is to upgrade the Municipality's Supervisory Control and Data Acquisition (SCADA) monitoring system, including new control panels, software, and other equipment. This project was initiated in 2024/25 (Q1) to lay out the plan to install the new equipment/software in 2025/26 (Q2).						
Greenwood Sewer Extensions	20-3405	2,155,315	19,716	●	2,135,600	99.6%
The Municipality is working with a landowner to gain easements required to proceed to construction tender. Planned resolution is expected in 2024/25 (Q1).						
Municipal Specifications Manual Update	22-3406	105,000	26,012	●	78,988	75.2%
Work has been awarded to engineering consultant in 2023/24 (Q3), with planned completion in 2024/25 (Q2).						
Laboratory Building Assessment	22-3407	30,000	20,948	●	9,052	30.2%
This assessment (including a final report) was completed in 2023/24 (Q2) and has produced a Class D estimate for the cost of rehabilitating the existing laboratory.						
Total		11,086,241	434,182		10,652,060	96.1%

Regional Sewer

Design work for force main replacement (RG5 to Regional STP), under the Regional Sewer Lines project, was awarded in 2023/24 (Q4) and has carried over to 2024/25. Replacement of this force main became higher priority in 2023/24 and the construction work will move forward earlier than originally planned. The Regional STP Aeration project saw significant progress in 2023/24 and has reached substantial completion in the new fiscal year. UV lights and sleeves were purchased under the Regional Equipment project, though planned purchases of additional equipment carried over to 2024/25. Work on the Regional Consulting & Studies project has been deferred to the new fiscal year. The Regional Lift Station Upgrades and Regional STP Upgrades projects had no planned or performed project activities during the 2023/24 fiscal year.

Project Name	Project #	Budget	Projected	Variance (\$)	Variance (%)
Regional Sewer Lines	14-4401	100,000	32,328	●	67.7%
Design work for 1.2km of force main replacement (from RG5 to RSTP) was awarded to CBCL in 2023/24 (Q4). Construction is planned for completion in 2024/25 (Q3).					
Regional STP Aeration	17-4401	6,336,727	4,880,825	●	23.0%
This project has continued into 2023/24, was given a supplemental budget, and is progressing towards completion. Replacement of headers and aeration (Cell 2) was complete in 2023/24 (Q3). Aeration replacement work (Cell 1) has carried over to the current fiscal year and reached substantial completion in 2024/25 (Q1).					
Regional Equipment	23-4401	215,000	122,090	●	43.2%
UV lights and sleeves for the Regional STP were purchased in 2023/24 (Q4). No purchases of DO meters, exhaust fans, security or monitory upgrades were done in 2023/24. Purchase of these items will carry over to 2024/25, with the first purchase (UV bulbs) to be done in 2024/25 (Q1).					
Regional Consulting & Studies	23-4402	70,000	-	●	100.0%
No work has been performed to date on this project. Project has been deferred until 2025/26 (Q1).					
Regional Lift Station Upgrades	23-4403	-	-	●	-
No project work was budgeted or performed in 2023/24. This lift station upgrade work is planned for fiscal 2024/25.					
Regional STP Upgrades	23-4404	-	-	●	-
No project work was budgeted or performed in 2023/24. Engineering studies, purchase and construction of equipment related to plant optimization (and dependent on recommended loads, technologies, and processes) will be undertaken in 2024/25 (Q2).					
Total		6,721,727	5,035,243		25.1%

Water Utility

Two of three projects in the Greenwood Water Utility experienced delays and, as a result, their budgets are expected to be underspent at the end of fiscal 2023/24 and the related project activities will carry over to 2024/25. The Water Distribution System Improvements project saw the purchase of new fire hydrants in 2023/24 (Q4), though these hydrants will not be installed until the first quarter of 2024/25. The Production Well project, which accounts for most of the underspending in this category, has been delayed as the Municipality is waiting on a ruling from the UARB for the capital spending request. The third project, Water System Equipment, is expected to be complete and underbudget at year-end.

Project Name	Project #	Budget	Projected		Variance (\$)	Variance (%)
Water Distribution System Improvements	10-2403	415,000	158,632	●	256,368	61.8%
New fire hydrants were purchased in 2023/24 (Q4) for installation within the Greenwood Water Utility system, with planned installation in 2024/25 (Q1).						
Water System Equipment	11-2407	45,000	32,270	●	12,730	28.3%
Several items of equipment were purchased in 2023/24, including a free chlorine analyzer in Q4. 2024/25 purchases are expected to include pH and chlorine sensors, water meters, and automatic analyzers (for chlorine contact times), as part of upgrading water treatment plants.						
Production Well	11-2408	3,417,334	199,140	●	3,218,194	94.2%
Transmission line construction tender closed in 2023/24 (Q3), however, awarded was delayed as the Municipality awaited a ruling from the UARB for the capital spend request. Treatment plant construction is planned for 2025 fiscal.						
Total		3,877,334	390,042		3,487,292	89.9%

FINANCIAL IMPLICATIONS

- The net budget variance for the Capital Program is one of underspending for the current fiscal year. As a result, funding sources will be drawn on at lower levels than originally anticipated.

STRATEGIC PLAN ALIGNMENT

	Strong Communities	
	Environmental Stewardship	
	Economic Development	
	Good Governance	
	Financial Sustainability	
X	Other	This report is a core function of the Municipality

APPENDICES

- None

APPROVALS

Mike Livingstone, Manager of Financial Reporting	May 21, 2024
Greg Barr, Director of Finance	May 21, 2024
Rob Frost, DCAO for Scott Conrod, CAO	May 22, 2024

Audit & Finance Committee Work Plan Update May 28, 2024

Description	Approach	Target Date	Update: May 28, 2024
Legislated Responsibilities (yearend) <ul style="list-style-type: none">Review of financial statementsReview management letterReview internal control letterReview auditors reportReview remuneration & expensesReview hospitality expensesReview compliance reportRecommendation of Appointment of Municipal Auditor	<p>The Audit & Finance Committee will receive a presentation from the Municipal Auditor on the consolidated financial statements and audit engagement. Along with the financial statement presentation the Audit & Finance Committee will review documents submitted by the Municipal Auditor which may include:</p> <ul style="list-style-type: none">Financial statements and audit report/opinionManagement letterInternal control letterMunicipal Auditors Report to the Audit & Finance committee <p>In conjunction with the Municipal Auditors’ presentation the Audit & Finance Committee will receive briefings from staff on the following items:</p> <ul style="list-style-type: none">Summary of remuneration and expenses for reportable individualsSummary of hospitality expensesReport on compliance <p>Part of this review is to include assessment of the Municipal Auditor and considerations for annual appointment of the Municipal Auditor.</p>	Annually on or before the Provincial filing deadline of September 30 .	Grant Thornton has initiated their Audit Planning work and provided the Audit Planning and Strategy Report to the Audit & Finance Committee at the meeting on May 28, 2024.
Audit Debrief <p>Follow up discussion of the consolidated financial statements and management letters as prepared and presented by the Municipal Auditor.</p>	Following the financial statement presentation by the Municipal Auditor, a debrief session will take place that will address at a minimum any management letter points and/or identified weaknesses in internal controls.	Annually at the meeting following presentation of reports from the Municipal Auditor.	Audit Debrief took place on April 11, 2024. The Municipal Auditor did not provide management letter or control letter points. Extra billings were required related to new PSAS standards and Cybersecurity.
Review of Financial Condition Indicators <p>A legislated responsibility of the audit committee.</p>	The Audit & Finance Committee will receive a presentation from staff on the Municipality’s Financial Condition Indicators once they are published by the Province.	Annually following release by the Province.	The 2022/23 FCIs will be presented to the Committee after they are released by the Province. The 2021/22 FCIs have recently been released by the Province and are included as Correspondence in the May 28, 2024 agenda package.

Description	Approach	Target Date	Update: May 28, 2024
Financial Policy Review Prioritized review of finance policies including presentations and discussions on proposed changes to finance policy	<p>This process will begin with a prioritization of policy review and required updates to bring finance policies in line with their documented review schedules. Some policies require improved clarity, contain outdated terms or references, or may not be required. Development of new financial policies is another area for consideration.</p> <p>Policies currently under review include:</p> <ul style="list-style-type: none">FIN-05-001 Capital BudgetFIN-05-006 ProcurementFIN-05-012 Tangible Capital Assets	<p>The policies currently under review are all targeted for completion prior to March 31, 2024.</p> <p>With the exception of the Procurement Policy which is targeted for completion by June 30, 2024.</p>	<p>FIN-05-001 Capital Budget is being examined for a potential recommendation to repeal.</p> <p>FIN-05-012 Tangible Capital Assets is under review and appears to require updates in several areas.</p> <p>FIN-05-006 Procurement is under review, next steps include numerous internal stakeholder discussions, process mapping, and review of the preliminary draft.</p> <p>A new finance Policy related to Budget Management is in the process of being drafted and reviewed within the Finance & IT department.</p>
Risk Assessment and Fraud Prevention Program Establish a Risk (including fraud risk) Identification, Assessment, and Analysis program to determine areas of significant risk.	<p>Establishment of a formal risk assessment would determine the areas of focus for internal control reviews, and the development of standard operating procedures.</p> <p>Develop fraud prevention procedures and develop a formal fraud program (policy, reporting, education) which considers:</p> <ul style="list-style-type: none">Code of conductEmployee support programsClear lines of authorityRobust internal control system including documented list of controlsEffective oversight & monitoring <p>Periodic update from management to the Audit Committee on allegations/complaints. Reports to include:</p> <ul style="list-style-type: none">Nature & volume of allegations/complaintsResponses to allegations/complaints <p>Reports will be presented to the Audit & Finance Committee to comply with their responsibility to monitor financial risk management; FRAM section 53(d)(ii).</p>	June 30, 2024.	<p>To date there has been no progress on this initiative due to other higher priority items.</p>

Description	Approach	Target Date	Update: May 28, 2024
Budget Development Process Budgets for the Municipality are to be developed in an ordered and timely manner.	<p>The annual Budget is to be prepared in accordance with a pre-established timeline that sets out key milestones and decision points leading up to Council deliberation and approval.</p> <p>The staff process for collection of information, forecast of spending requirements, and compilation of budget detail should follow a standard process and include consultation with staff across all departments as well as the public through established channels of engagement.</p> <p>The annual Council and Committee meeting schedule for budget related items will be recommended for approval by Council by the Audit & Finance Committee.</p> <p>Feedback will also be provided to staff by the Audit & Finance Committee on the annual budget process, materials, presentations, etc. following approval of the annual budget.</p>	Committee consideration and recommendation to Municipal Council, annually before October 31 .	<p>The Budget Timeline will be prepared and presented to Audit & Finance Committee in the fall.</p> <p>The budget debrief session for the fiscal 2024/25 budget took place on May 28, 2024.</p>
Accountability Reporting	<p>A quarterly report will be presented which will identify significant variances and provide a yearend forecast of financial results.</p> <p>The Audit & Finance Committee will also consider whether there is a need to receive first quarter Accountability Reports</p>	<p>Reports received at the second committee meeting subsequent to quarter end.</p> <p>Quarter 4 accountability reports will be presented once year end audited financial statements have been approved by Council.</p>	<p>The third quarter operating accountability report was presented to Audit & Finance Committee on February 27, 2024.</p> <p>The third quarter capital accountability report was not ready for presentation on February 27, 2024, and has been presented on May 28, 2024.</p>
Process & Controls Review Review of processes and controls in select transaction lines	<p>Processes and controls are currently in place for finance activities and are reviewed annually as part of the financial statement audit, but a more detailed examination could be warranted within certain transaction lines.</p> <p>The Risk Assessment and Fraud Prevention Program will need to be completed before activities can be prioritized in this component of the work plan.</p>	For consideration upon completion of the Risk Assessment and Fraud Prevention Program	This workplan item is on hold until completion of the Risk Assessment and Fraud Prevention Program.

Description	Approach	Target Date	Update: May 28, 2024
Performance Based Audit Program Development of a Cyclical Audit Program for various activities of the Municipality	<p>A step beyond the Process & Controls Review for various transaction streams, this program will examine both financial and non-financial processes to evaluate operational efficiency and areas for improvement.</p> <p>The Risk Assessment and Fraud Prevention Program will need to be completed before activities can be prioritized in this component of the work plan.</p>	For consideration upon completion of the Risk Assessment and Fraud Prevention Program	This workplan item is on hold until completion of the Risk Assessment and Fraud Prevention Program.
Program Reviews Review of program delivery and cost-recovery methods offered and/or used by the Municipality in the provision of services. This includes the examination of related fees and charges.	Review of select programs intended to identify and better understand resource requirements, opportunities for enhanced efficiency, and potential technology solutions. Where appropriate Activity Based Costing techniques will be utilized to determine appropriate chargeback formula for Municipal services provided to third parties.	The Commission on Area Rates review is expected to be completed by the end of May 2023	The Commission on Area Rates review has been completed and was in the process of going through senior management review before the Municipality experienced its cyber security incident. An updated RFD for Council consideration is anticipated to be completed for the June COTW meeting.



Municipal Report



Municipality of the County of Kings

Department of Municipal Affairs and Housing

Municipal Profile and
Financial Condition Indicators Results

2021-22

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Introduction

The Department of Municipal Affairs and Housing compiles municipal indicators on behalf of the Nova Scotia Government and the Association of Municipal Administrators of Nova Scotia (AMANS) that focus on three areas:

- financial matters;
- administration of the municipality; and
- characteristics of the community.

This report creates a snapshot from those financial and demographic statistics to help community members and decision makers better understand:

- the municipality in which they live;
- the municipality's key characteristics; and
- the municipality's financial risks.

For example, the snapshot makes it easy to:

- compare the Three-Year Change in Tax Base indicator to understand the municipality's revenue growth in comparison to cost of living; and
- use the change in population to indicate whether a community's population is growing or declining and its potential impact on municipal revenues and expenses.



Chapter 1 - Municipal Profile

Municipalities are diverse and operate within unique demographic and economic characteristics. These characteristics have a significant impact on municipal performance and subsequent strategies required to ensure a sustainable environment. This chapter outlines the unique demographic and economic characteristics of the Municipality, specifically its composition, population trends, demographics, median household income levels, employment rates, and educational attainment. The municipal profile trends could have impacts on the current and potential future tax base for a municipality.



Municipal Profile - Highlights

About the Municipality

Located in:	Kings County
Approximate size:	2,088 km ²
Number of dwellings*:	23,088
Government:	10 Elected councillors (including the Mayor)



Figure 1 - Location of Municipality

Municipal Profile - Highlights

Population Highlights

Municipal Population 2021 Census*:	48,461
Percent of Provincial population:	5.05%
Municipal Population 5-year trend:	2.23%
County's 5-year trend:	6.59%

Since the last census in 2016, **1,057** more people live in the Municipality

Population Change from 2016 to 2021

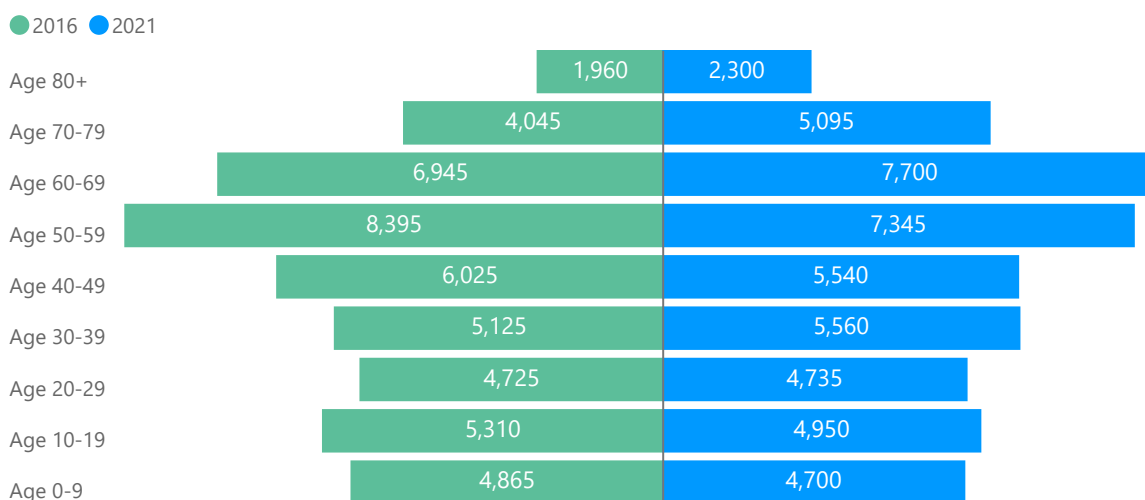


Figure 2 - Population Change from 2016 to 2021 (rounded to nearest five). Source: Statistics Canada

* Please note, Statistics Canada amended King's 2021 census data to 48,461, but did not reflect this increase in the census data within the population by age groups, leading to a difference in the 2021 population age group totals when compared against the total 2021 population data.

Municipal Profile - Highlights

Population Trends

20-year trend: Growing (supported by Figure 3 below)

Highest Age Bracket: 60-69 years of age (supported by Figure 4 below)

Population Trend from 2001 to 2021

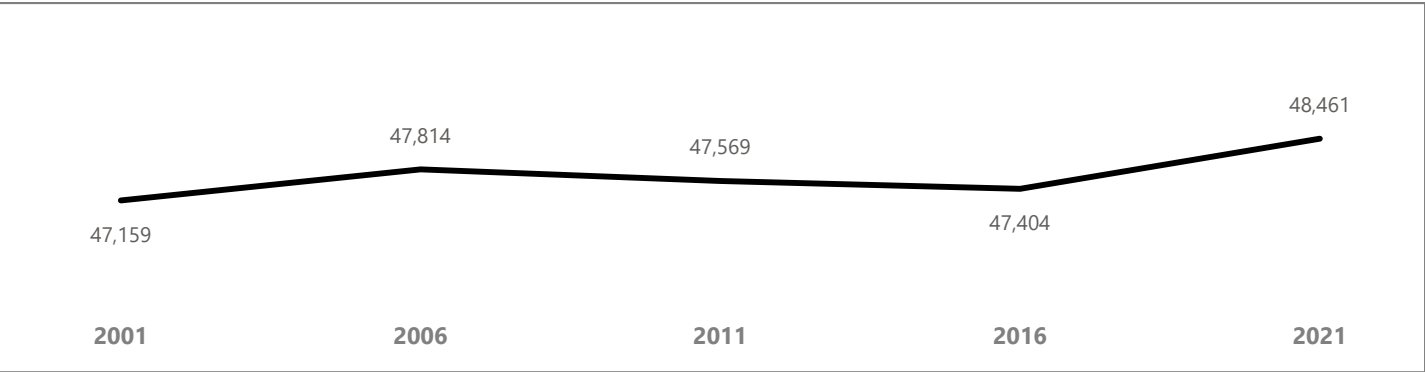


Figure 3 - Population from 2001-2021. Source: Statistics Canada

Population Change from 2016 to 2021

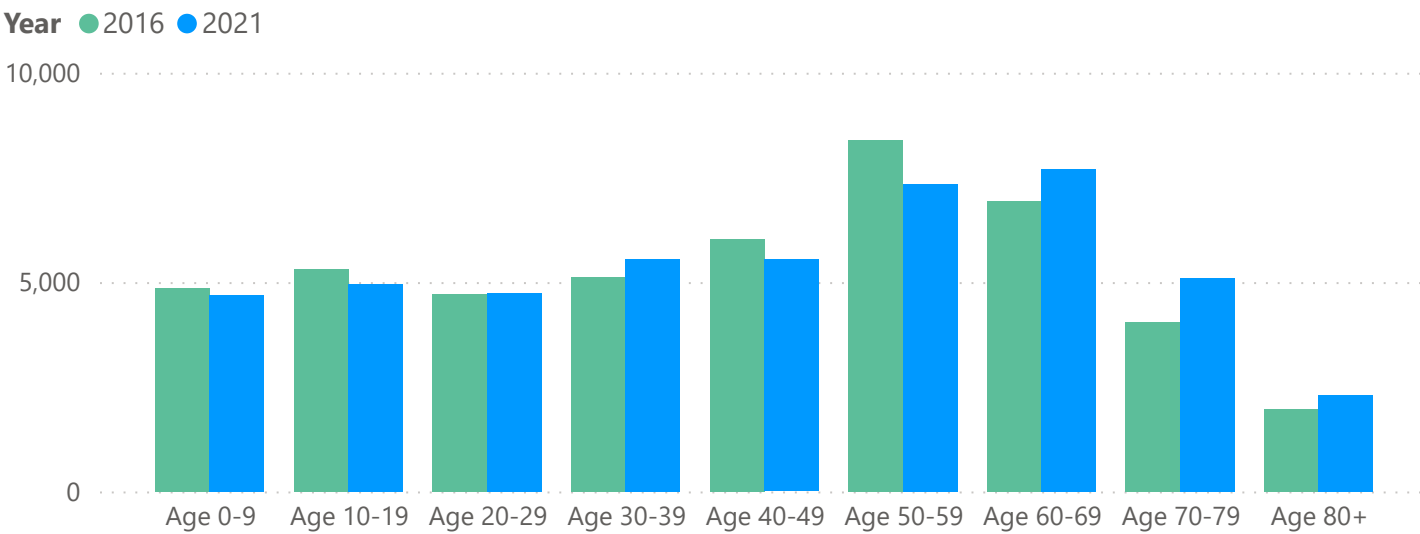


Figure 4 - Population by Age Group from 2016 to 2021. Source: Statistics Canada

Municipal Profile - Highlights

Population Comparison

Comparison of the Municipality of the County of Kings vs. the Rural Average

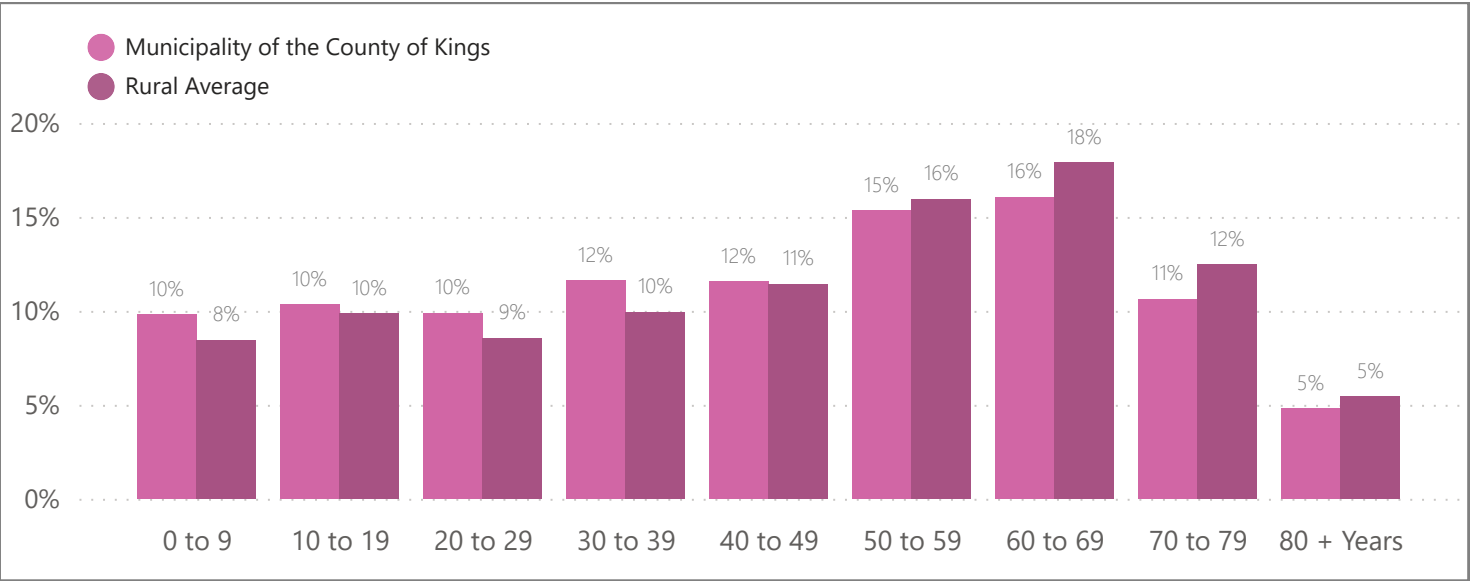


Figure 5 - Population by Age Group. Source: Statistics Canada

Comparison of the Municipality of the County of Kings vs. the Provincial Average

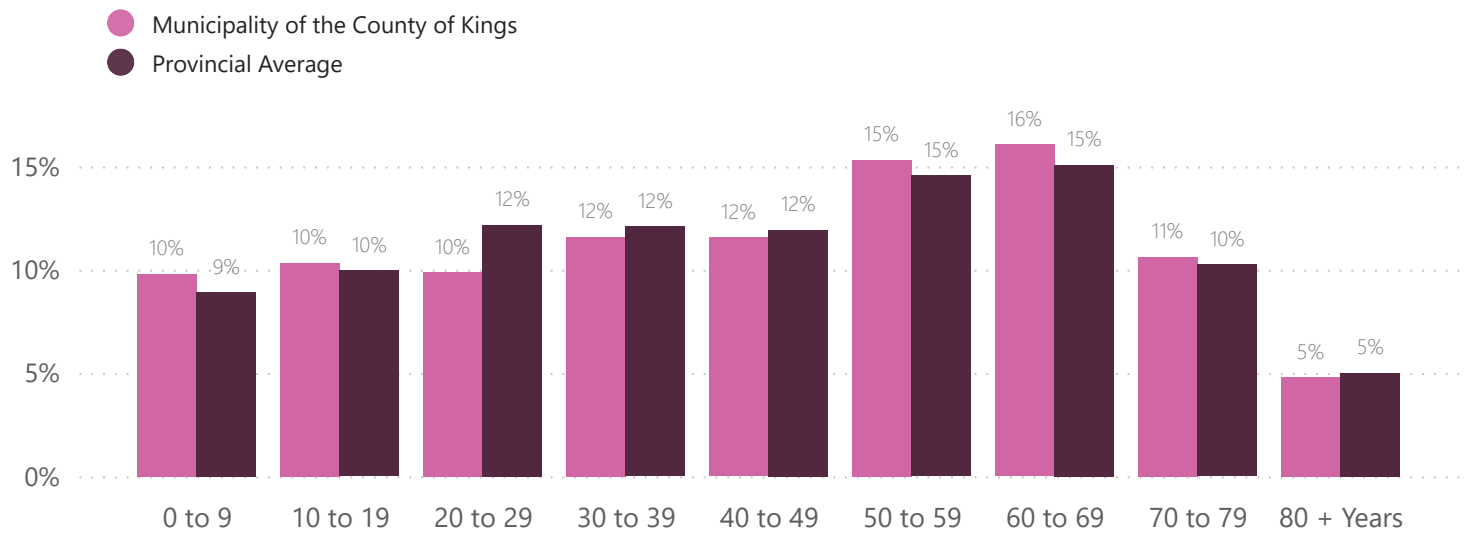


Figure 6 - Population by Age Group. Source: Statistics Canada

Municipal Profile - Highlights

Age Group Comparison

Population Age Groups

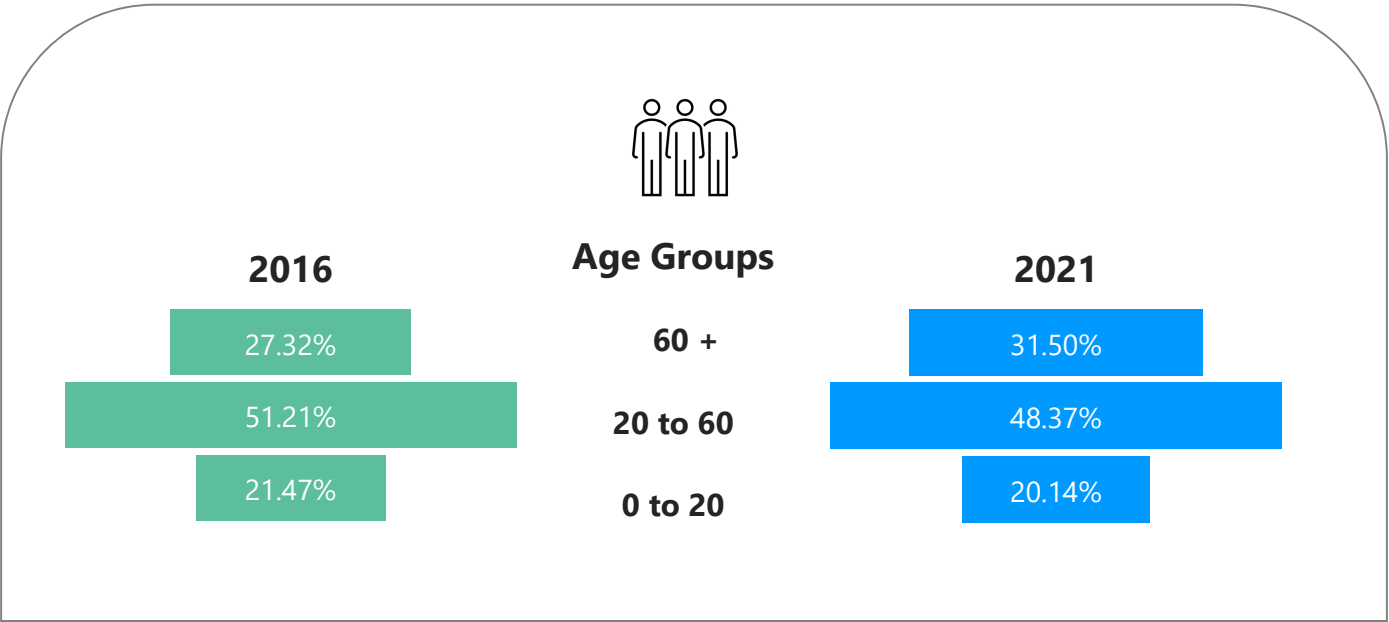


Figure 7 - Population by Age Group 2016 vs 2021. Source: Statistics Canada

Generational Groups

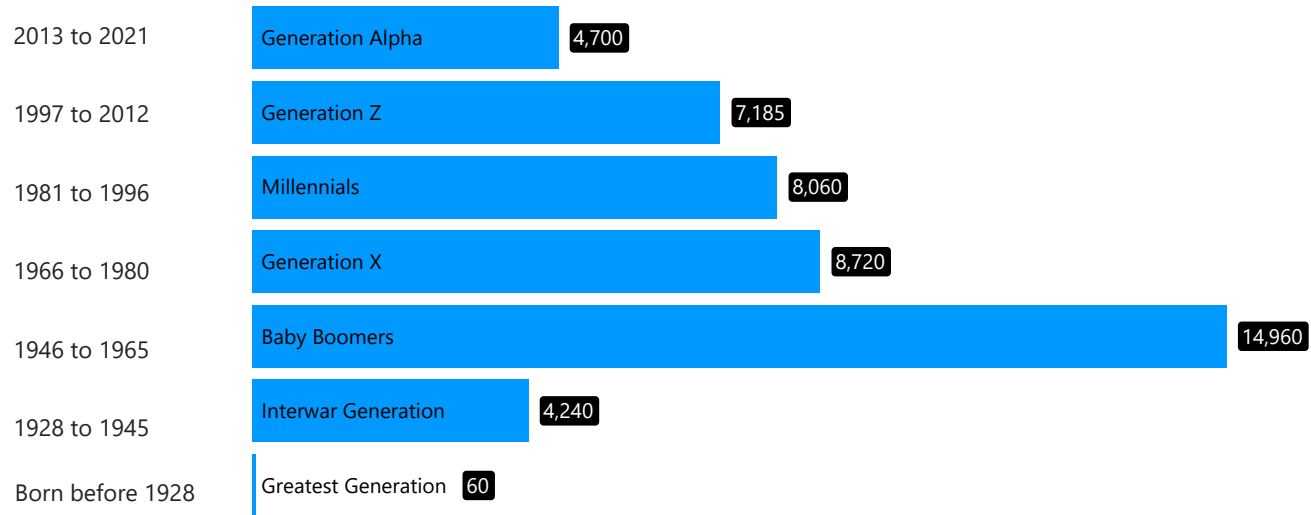


Figure 8 - Population by Generation for 2021 (rounded to nearest five). Source: Statistics Canada

Municipal Profile - Highlights

Economic Indicators

Along with population trends, employment rates and median household income are important economic indicators. Education levels can also play a crucial role in economic and social progress and can help improve income distribution. These factors provide an indication of the wellbeing of the economy and labour force. The educational level noted in the chart below represents the percentage of population, aged 15 and over, who have education beyond a high school diploma.

	2016 Census	2021 Census	+/-	Provincial Average
Median household Income:	\$58,197	\$69,700	\$11,503	\$61,724
Employment rate:	55.3%	51.6%	-3.7%	46.2%
Education level:	51.6%	51.6%	0.0%	50.5%

Figure 9 - 2021 Census; Source: Statistics Canada

Median household Income:	Municipality of the County of Kings median household income increased since 2016.
Employment rate:	The employment rate at the Municipality of the County of Kings decreased since 2016.
Education level:	The education level at the Municipality of the County of Kings remained unchanged since 2016.

Chapter 2 - Assessment Information

Since property taxes are a primary source of revenue for most municipalities, special emphasis has been placed on reviewing assessment trends. For more information about the following financial indicators, please refer to Chapter 4 - Financial Condition Indicators.

Three-year change in

Tax Base (Uniform Assessment¹): 8.1% Growth is not keeping pace with the cost of living (Moderate risk)

Reliance on a Single Business or Institution: 2.4% Not dependent (Low Risk)

Residential Tax Effort: 1.9% Has some flexibility (Low Risk)

The line graphs below show the five-year trend of residential and commercial portion of the municipality's taxable assessment.

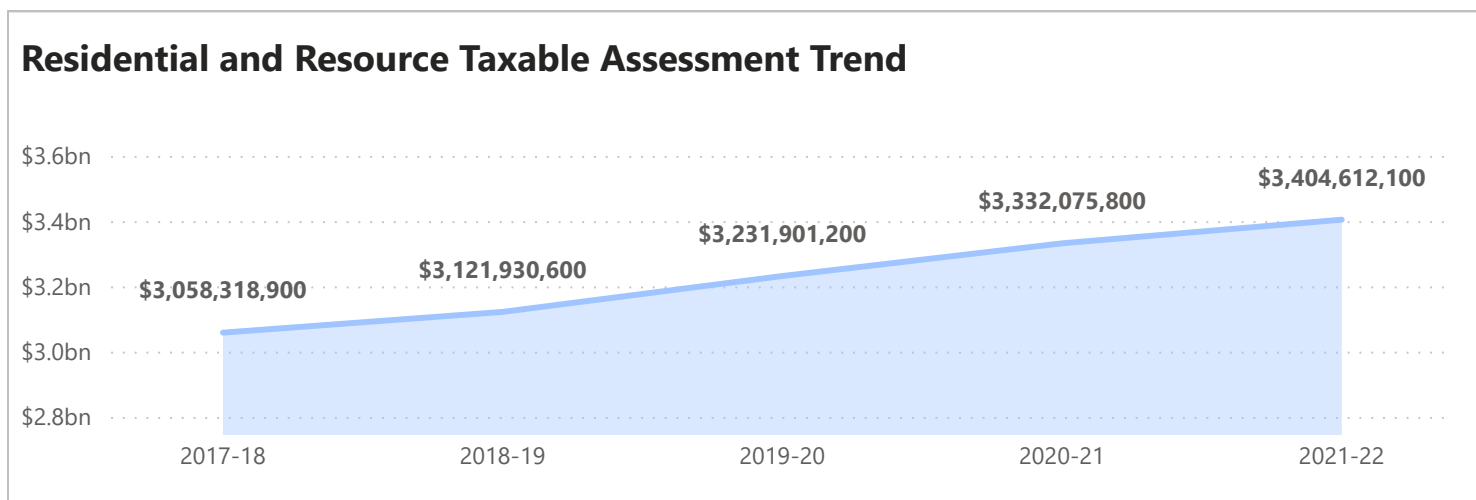


Figure 10 - Residential taxable assessment over the last five years. Source: 2017-18 to 2021-22 Statement of Estimates - Assessment

Commercial Taxable Assessment Trend

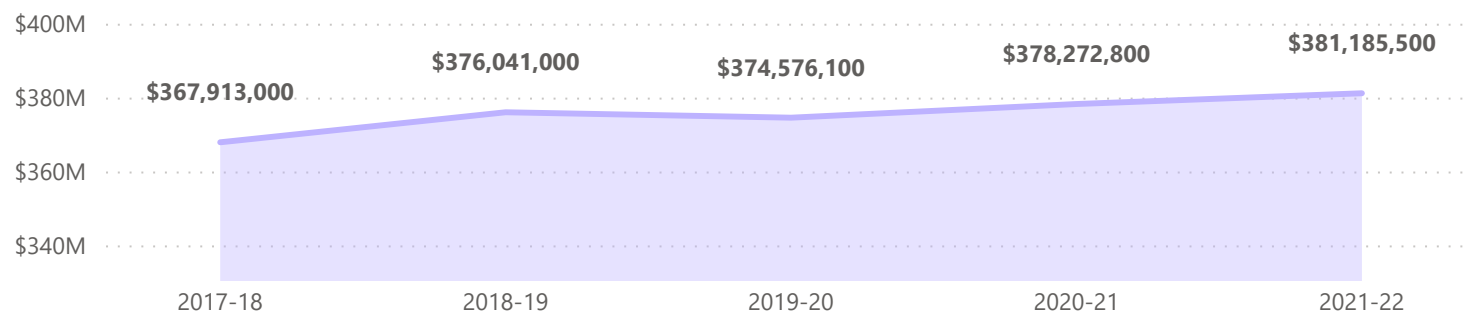


Figure 11 - Commercial taxable assessment over the last five years. Source: 2017-18 to 2021-22 Statement of Estimates - Assessment

¹ Uniform assessment is the value of a municipality's taxable property assessment plus the capitalized value of payments in lieu of taxes.

Chapter 3 - Financial Information

General Overview

Audited financial statements are presented on a consolidated basis. These consolidated financial statements present all municipal entities as one single reporting entity:

- all the individual funds managed by the Municipality
- organizations or enterprises that the Municipality owns or controls, such as:
 - Kings Rehab Other, Kings Rehab Provincial, Kings Transit Authority, Valley Community Fibre Network Authority, Valley Regional Enterprise Network Other, Valley Waste Resource Management

The Municipality's non-consolidated financial statements present the individual funds managed by the Municipality, such as the General Operating Fund, General Capital Fund, Non-operating Reserve Fund, Operating Reserve Fund and, if applicable, Water Operating Fund, Water Capital Fund, Water Reserve Fund, Electric Operating Fund, Electric Capital Fund, and Electric Reserve Fund. Non-consolidated financial statements are reconciled but not audited².

Financial Reporting Compliance

Legislated Requirements

Submitted before deadline³:

◦ Audited Consolidated Financial Statements	Yes
◦ Financial Information Return (FIR)	Yes
◦ Statement of Estimates - Assessment (SOE-A)	Yes
◦ Statement of Estimates - Budget (SOE-B)	Yes
◦ Management Letter/Internal Control Letter	Yes
◦ Summary Report of Expenses	Yes
◦ Summary Report of Hospitality Expenses	Yes

Financial Statements include:

◦ Unqualified Audit Opinion	Yes
◦ Elected Officials remuneration and expenses	Yes

Expense and Hospitality report posted online quarterly	Yes
--	------------

² Please be advised that, although the Department of Municipal Affairs and Housing reconciles, at a high level, a municipality's non-consolidated financial statements to the consolidated financial statements, the non-consolidated financial statements are usually not audited nor presented in full accordance with Canadian public sector accounting standards.

³ Annually, municipalities are required to submit their financial information by Sept 30th.

Financial Highlights

Revenue

Total consolidated revenue:	\$81.7 Million
Revenue generated from own source revenue*:	\$42.4 Million
Total general operating revenue:	\$36.3 Million
Largest general operating revenue:	80% Net property taxes and payments in lieu of taxes

Expenses

Total consolidated expenses:	\$77.1 Million
Total general operating expenses:	\$32.7 Million
Largest general operating expense:	35% Protective services

Annual Surplus

Annual consolidated surplus (deficit):	\$4.6 Million
Consolidated accumulated surplus (deficit):	\$95.1 Million
Annual general operating surplus (deficit):	\$840.3 Thousand

Debt

Total consolidated long-term debt:	\$4.8 Million
Total general capital fund long-term debt:	\$2.8 Million
General operating fund bank indebtedness:	\$95.7 Thousand

* Total consolidated revenue excluding government transfers

Revenue

\$81.7M
2021-22 Consolidated Revenue

Total consolidated revenue: \$81.7 Million

Largest revenue: \$38.6 Million Conditional transfers from other governments

Revenue generated from own source revenue: 52%

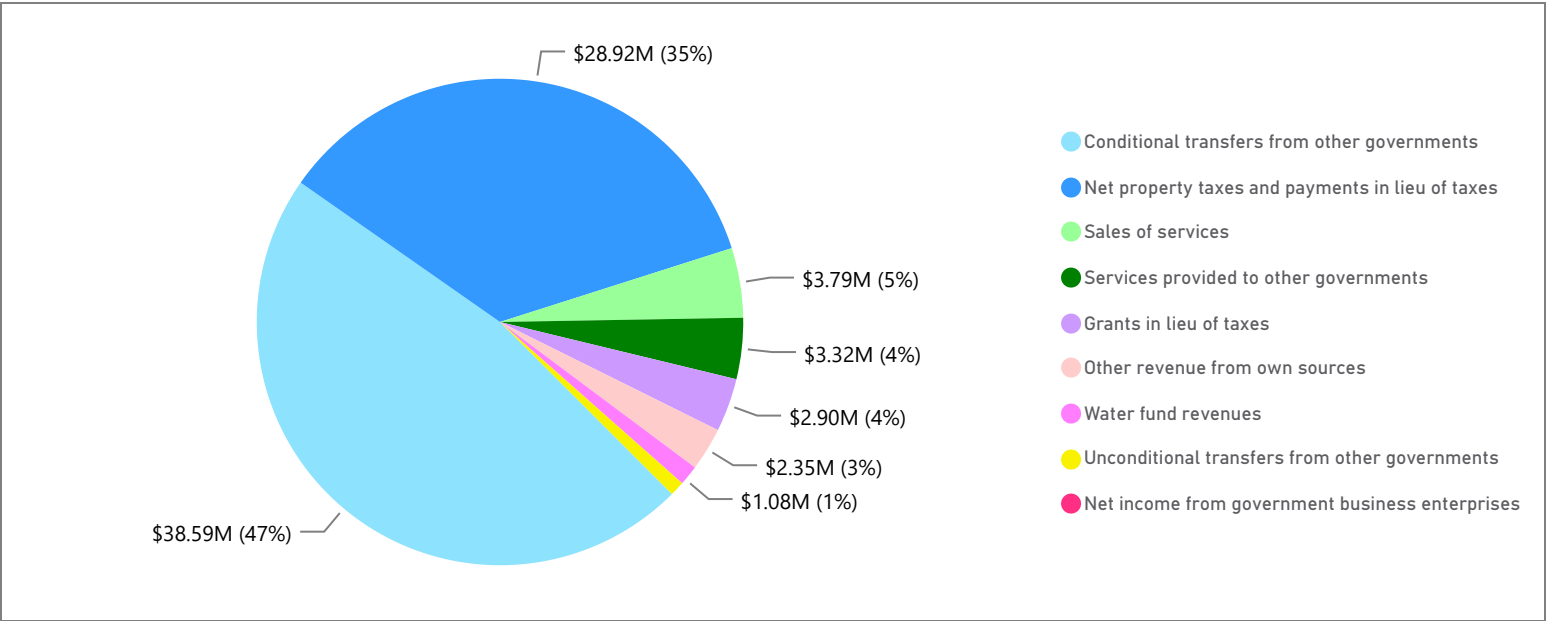
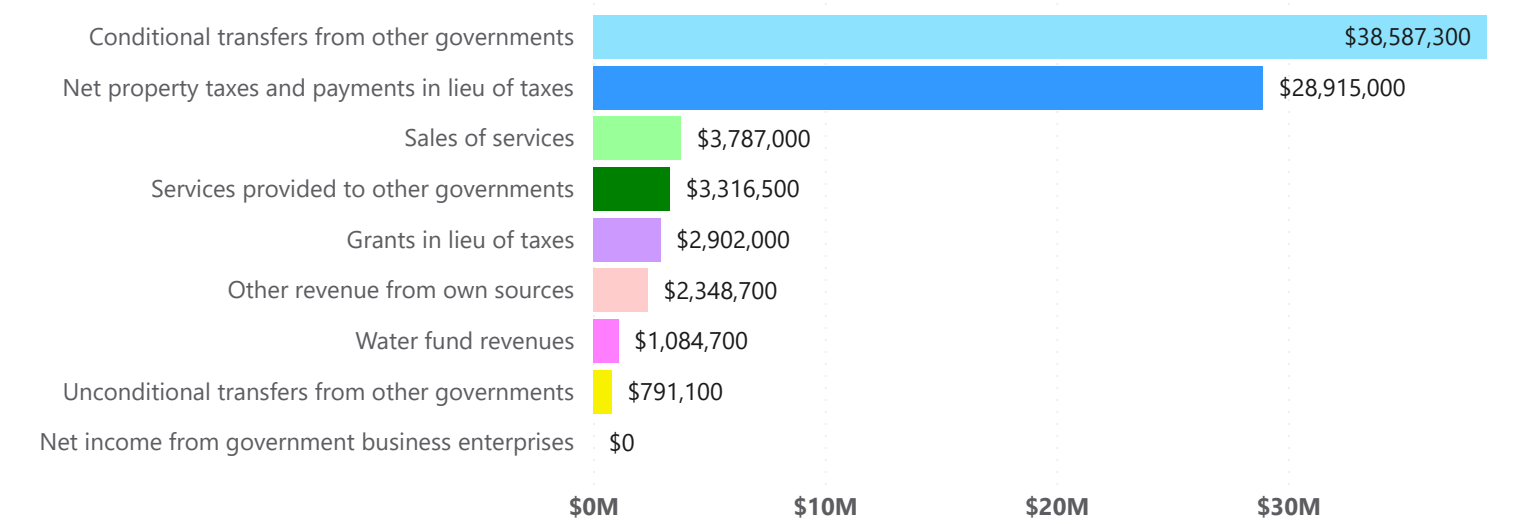


Figure 11 - Consolidated Revenue Source: 2021-22 Financial Information Return

The graphs above and below show the Municipality's consolidated revenue divided into categories.

Consolidated Revenue



Revenue

\$36.3M

2021-22 General Operating Revenue

Total general operating revenue:	\$36.3 Million
Largest general operating revenue:	80% Net property taxes and payments in lieu of taxes
Uncollected Taxes Financial Condition Indicator (FCI):	3.2%
Reliance on Government Transfers (FCI):	1.6%

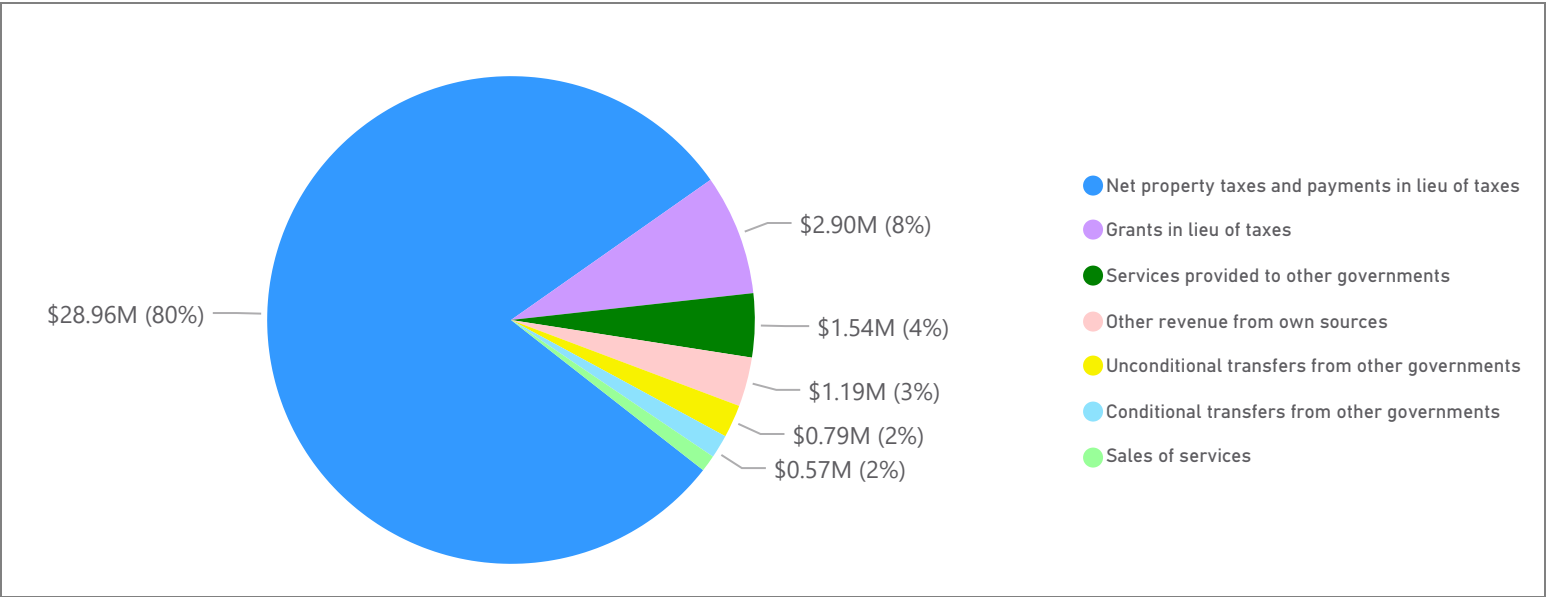
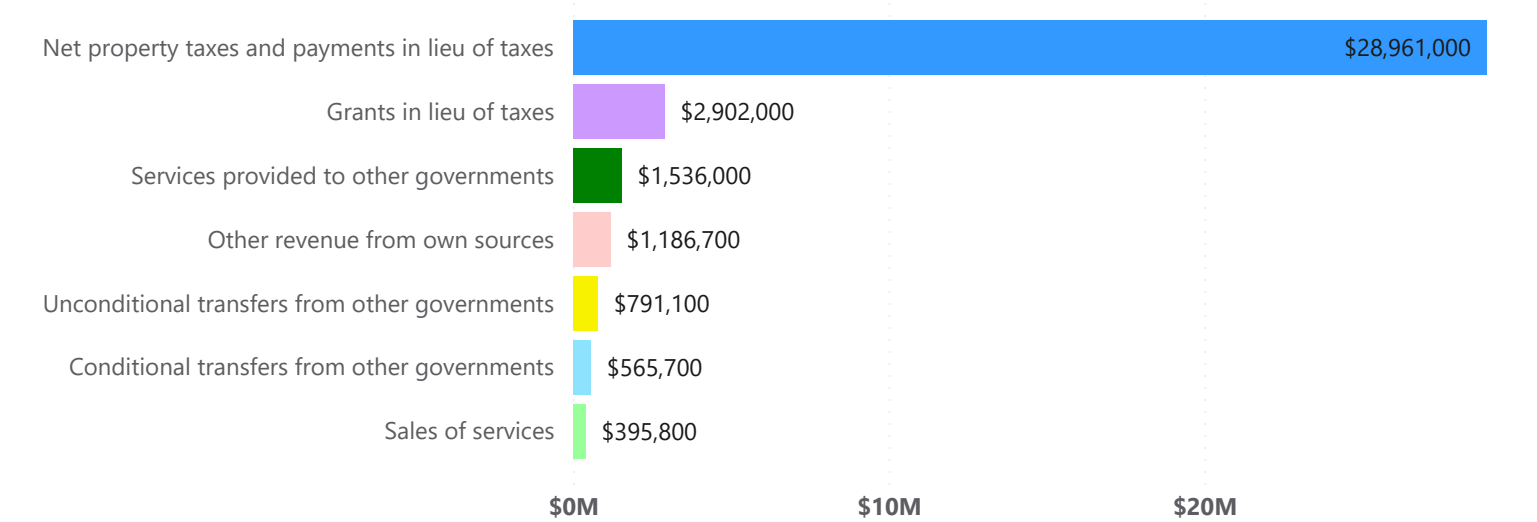


Figure 12 - General Operating Fund Revenue: 2021-22 Financial Information Return

The graphs above and below show the Municipality's general operating fund revenue divided into categories.

General Operating Revenue



Expenses

\$77.1M
2021-22 Consolidated Expenses

Total consolidated expenses: \$77.1 Million
Largest expense: 45% Public health services

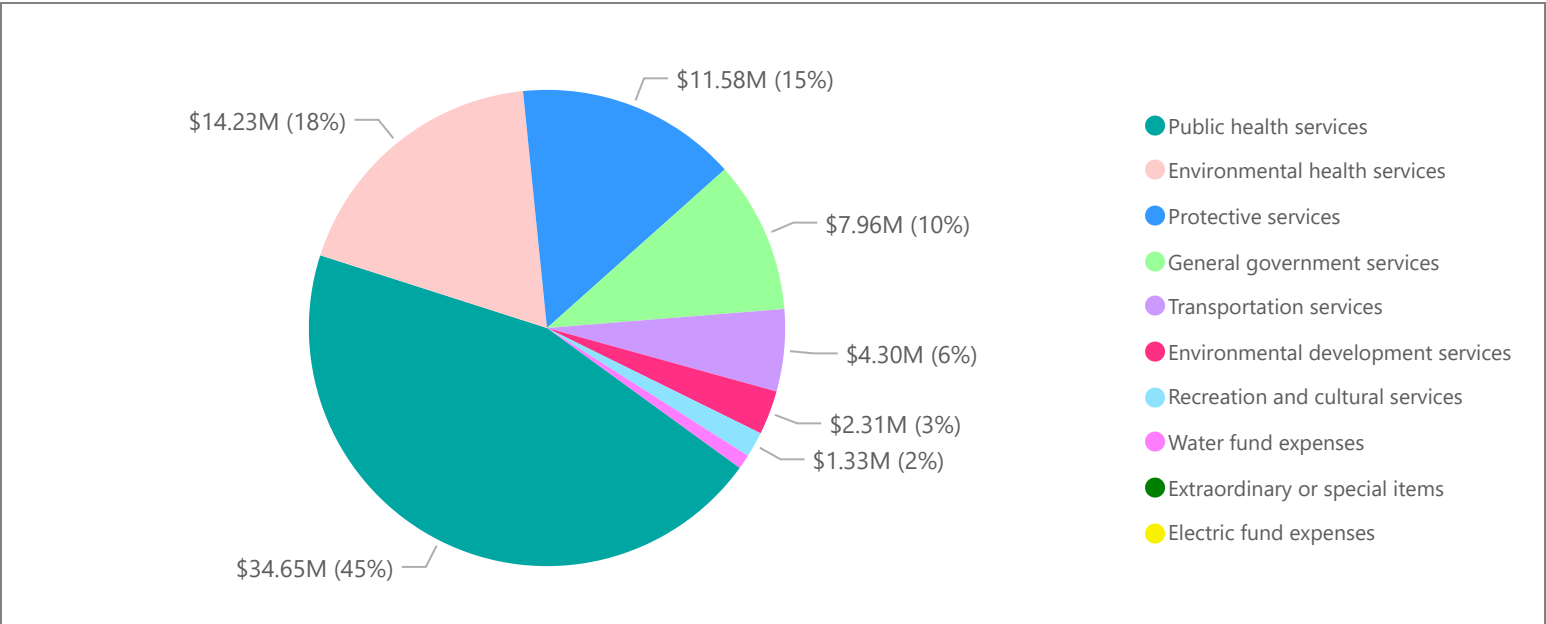
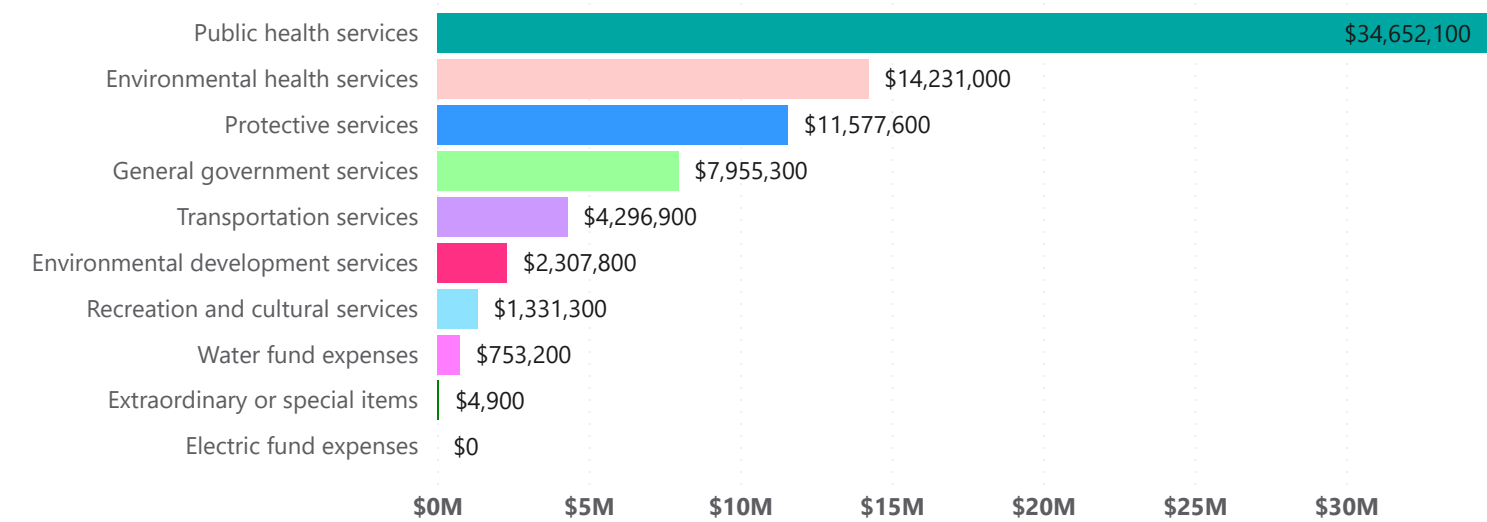


Figure 13 - Consolidated Expenses Source: 2021-22 Financial Information Return

The graph above and table below show the Municipality's consolidated expenses divided into categories.

Consolidated Expenses



Expenses

\$32.7M

2021-22 General Operating Expenses

Total general operating expenses:	\$32.7 Million
Largest general operating expense:	35% Protective services
General operating reserves as a percentage of total general operating expenses:	40.4%

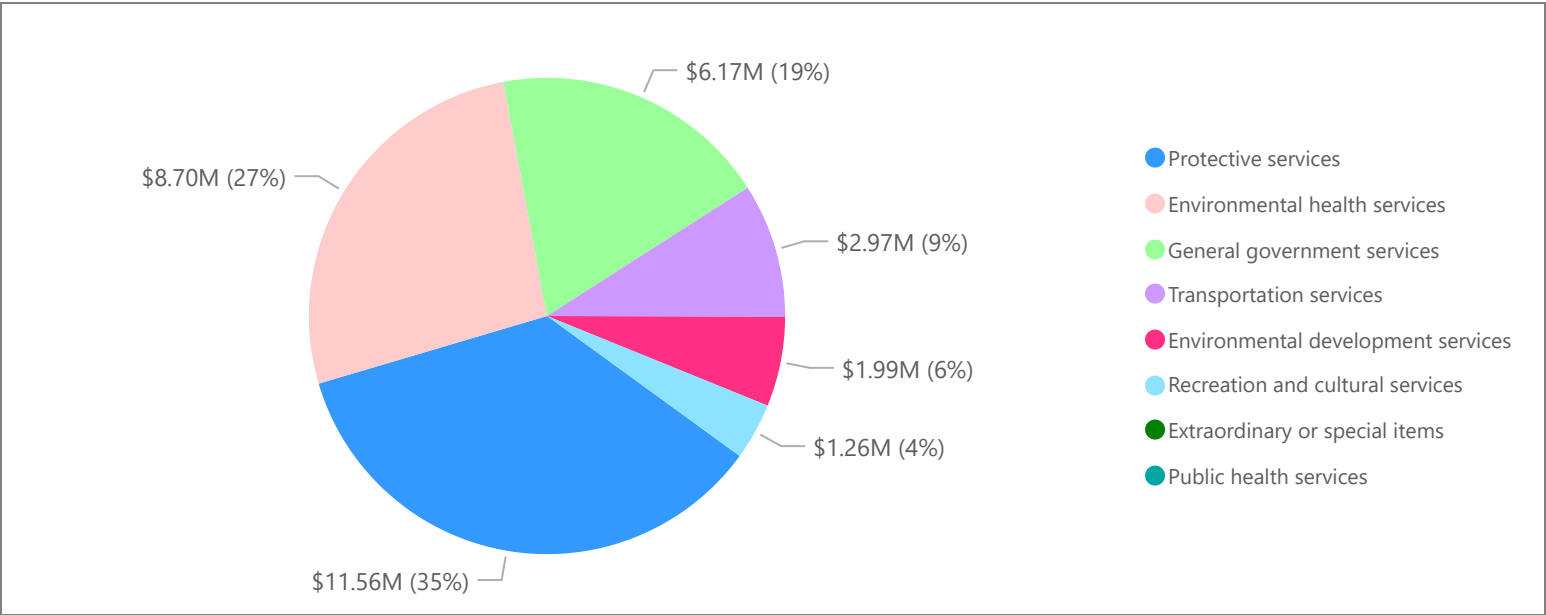
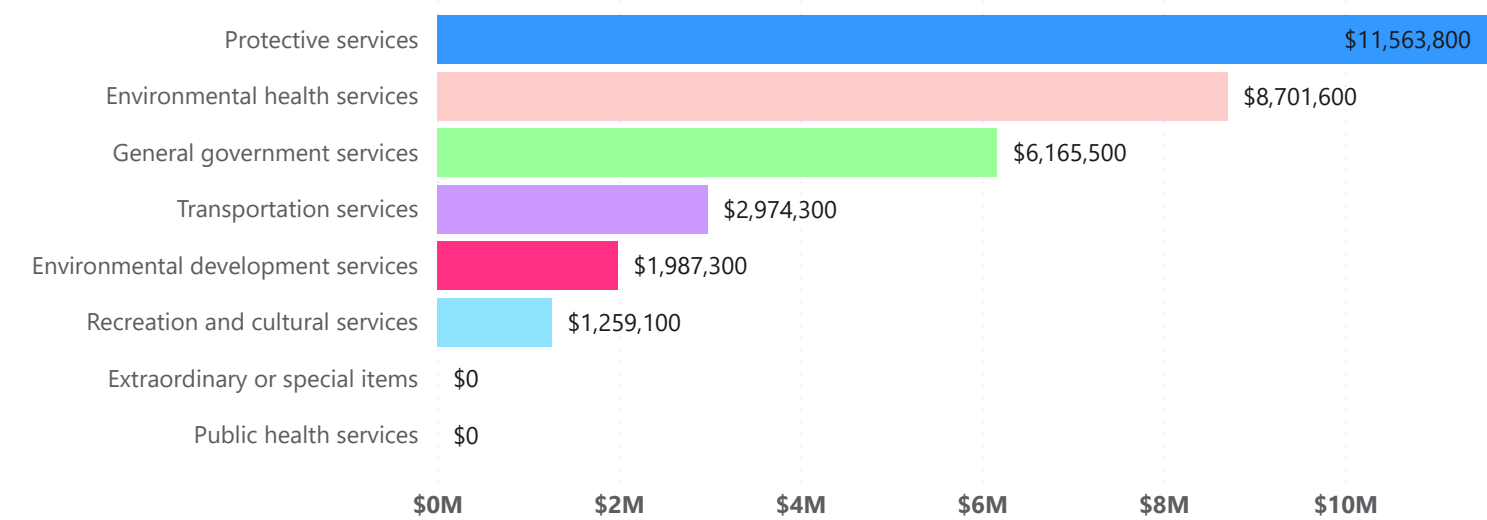


Figure 14 - General Operating Fund Expenses: 2021-22 Financial Information Return

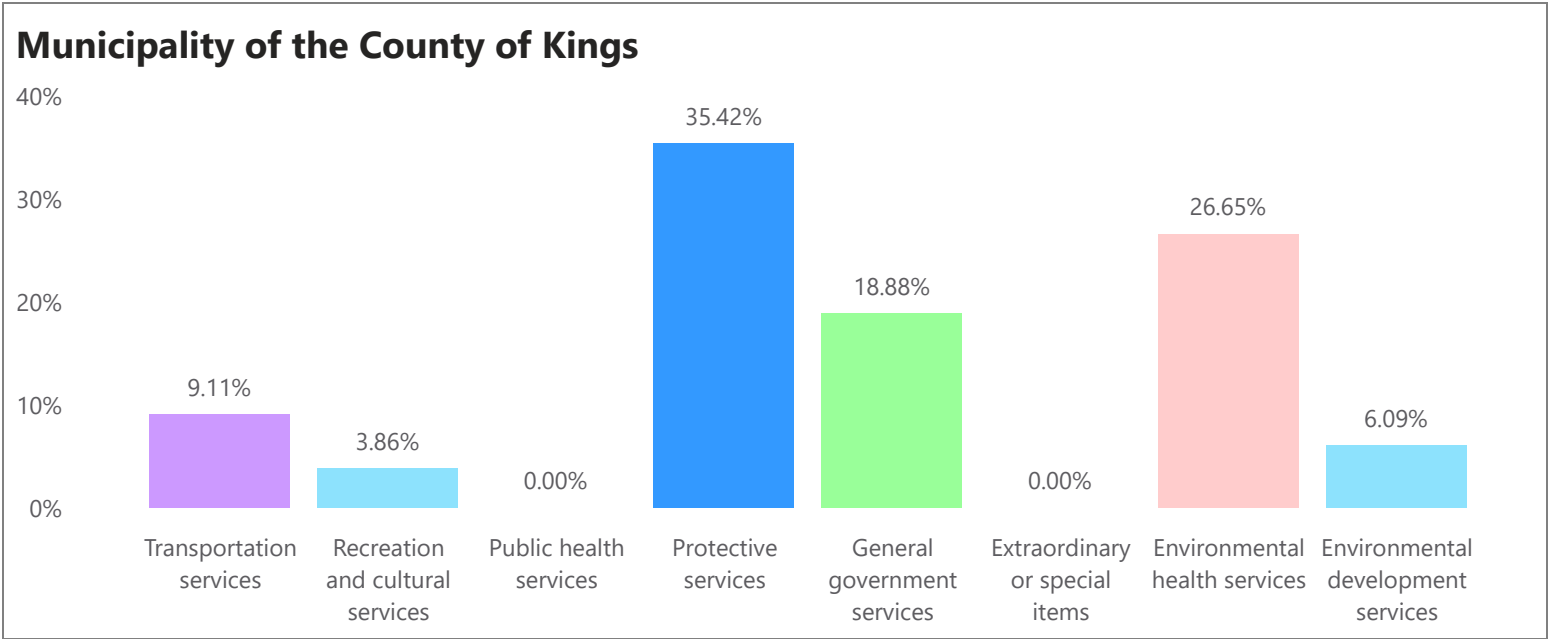
The graph above and table below show the Municipality's general operating fund expenses divided into categories.

General Operating Expenses

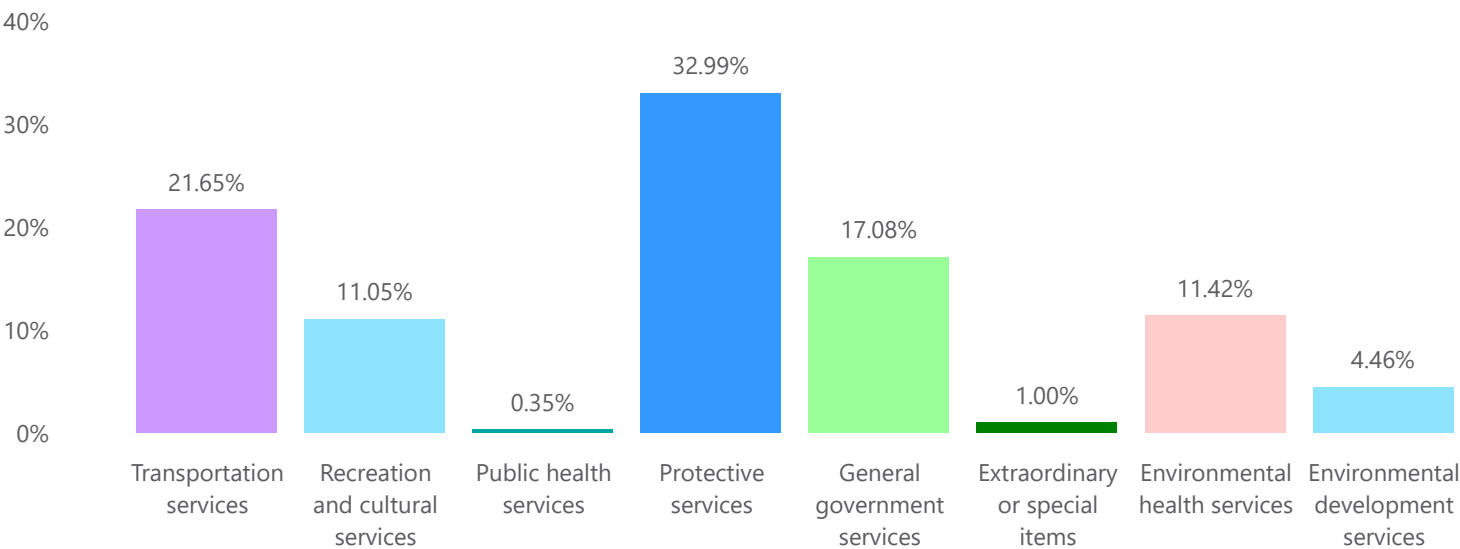


2021-22 General Operating Expenses Comparison to the Provincial Average

The graph below shows the expense by function for the municipal operations or General Operating Fund expenses compared to the Provincial Average.



Provincial Average



* Please note, these results do not include details from the Town of Mahone Bay due to outstanding financial reporting.

Figure 15 - Comparison of General Operating Fund Expenses to Provincial Average. Source: 2021-22 Financial Information Return

Accumulated Surplus (Deficit)

Annual surplus (deficit): Revenue - Expenses
Note: Annual surplus (deficit) is added to the accumulated surplus (deficit)

Annual consolidated surplus (deficit):	\$4.6 Million
Consolidated accumulated surplus (deficit):	\$95.1 Million
Annual general operating surplus (deficit):	\$840.3 Thousand
Number of Deficits in the Last 5 Years Financial Condition Indicator (FCI):	0

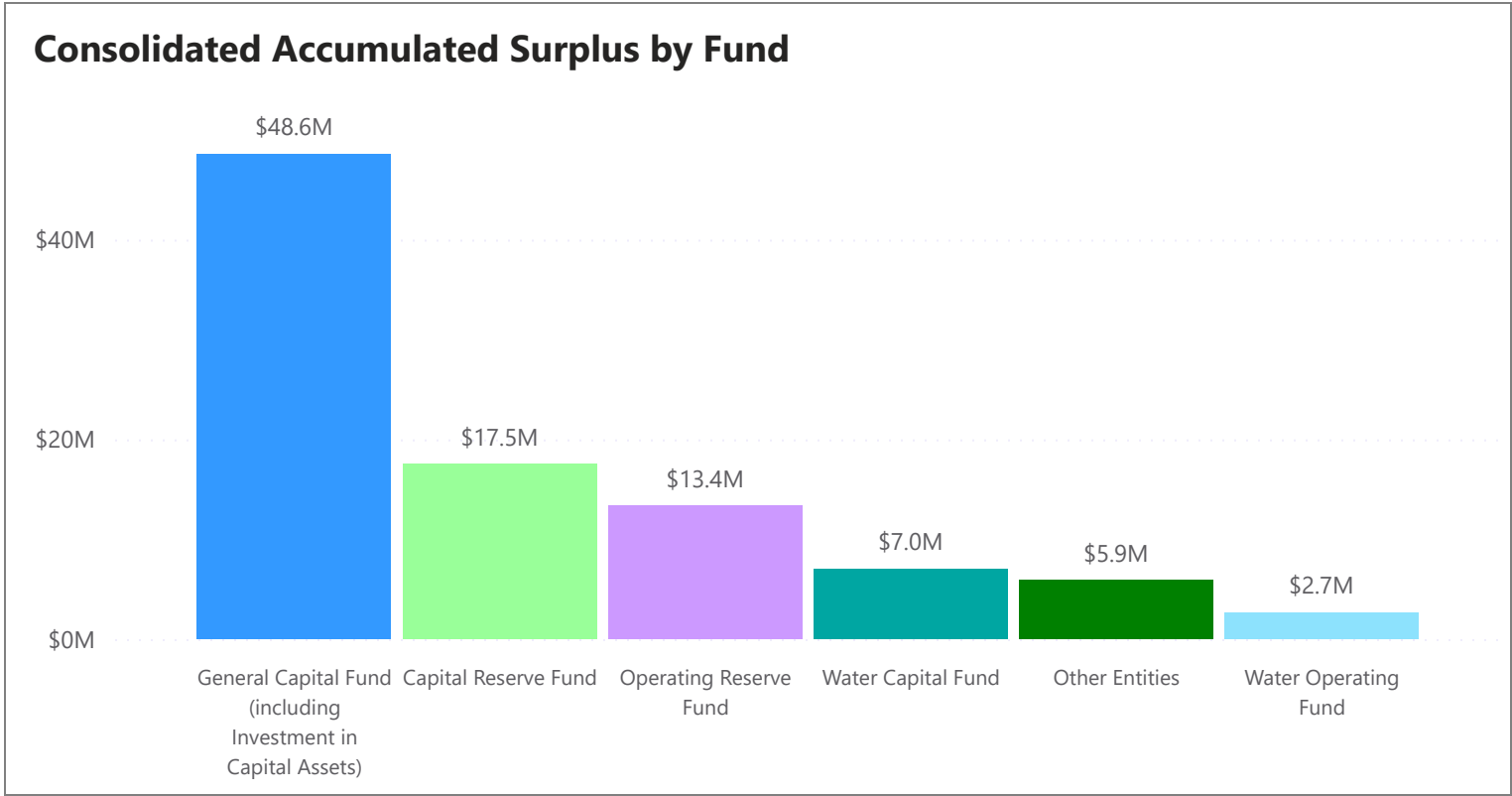


Figure 16 - Consolidated Accumulated Surplus by Fund. Source: 2021-22 Financial Information Return

Debt

Total consolidated long-term debt:	\$4.8 Million
Total general capital fund long-term debt:	\$2.8 Million
Debt Service Financial Condition Indicator (FCI):	1.6%
Operating fund bank indebtedness:	\$95.7 Thousand
Outstanding Operating Debt FCI (as a percentage of Net Property Taxes/Payment in Lieu of Taxes, Grants in Lieu of Taxes and Government Transfers):	0.3%

Chapter 4 - Financial Condition Indicators: House Model

The Financial Condition Indicators (FCIs) condense multiple sources of information into a single visual “House Model” graph. The House Model gives a quick visual of a municipality’s strengths and possible areas where a municipality may want to focus its attention.

The Model:

The Model consists of twelve indicators organized into base, structure and roof, focusing on:

- Base: Three indicators relating to internal and external factors that could impact the municipality's revenue stream.
- Structure: Five financial indicators that concern management and debt; and
- Roof: Four key performance indicators, that reflect the municipality's ability to meet current and future needs in a balanced and independent manner.

Risk thresholds:

Each indicator is assessed against a risk threshold:

- low risk (**green**);
- moderate risk (**yellow**); and
- high risk (**red**).

Overall assessment:

The Department calculates an overall assessment for fiscal instability:

- low risk (**green**): 9-12 FCIs meet low risk threshold;
- moderate risk (**yellow**): 7-8 FCIs meet low risk threshold; and
- high risk (**red**): 6 or less FCIs meet low risk threshold.

For Comparison:

Prior years included the 5-Year Budget Accuracy as a financial condition indicator. Due to the impact of COVID-19, use of the 5-Year Budget Accuracy indicator has been suspended for 2020-2021 and 2021-2022. Its future inclusion or possible replacement will be re-evaluated for the 2022-2023 municipal reports.

Overall Assessment

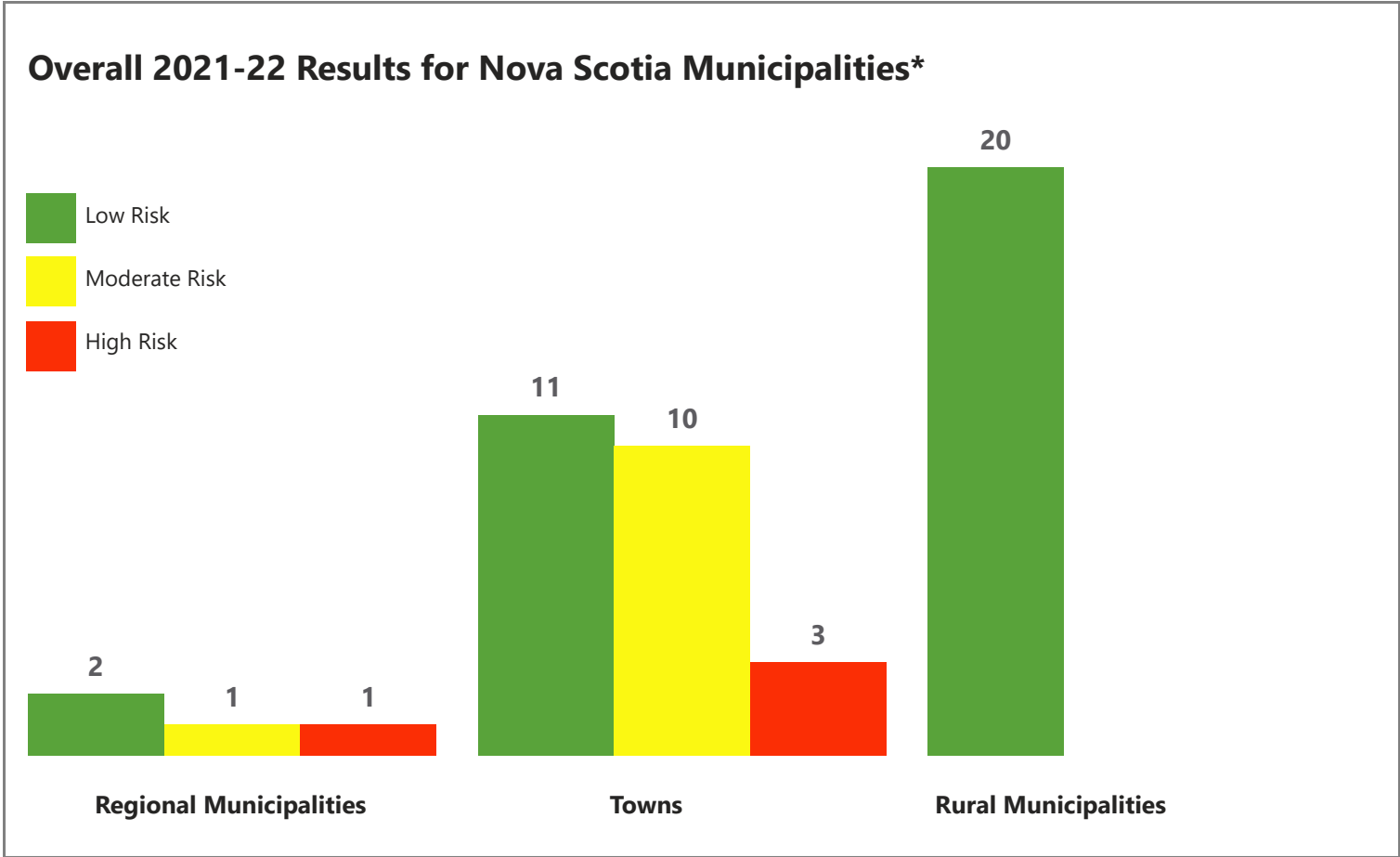
Overall Assessment for: Municipality of the County of Kings

Financial Condition: Low Risk

The overall Financial Conditions Index assessment for the Municipality of the County of Kings is Low Risk.

This means that while the Municipality might face some challenges, it is considered low risk for fiscal instability.

Comparison: The majority of Municipalities are at low risk (see chart below).



* Please note, these results do not include details from the Town of Mahone Bay due to outstanding financial reporting.

Financial Condition Indicators Highlights for 2021-22

Overall Assessment

Green (Low Risk)

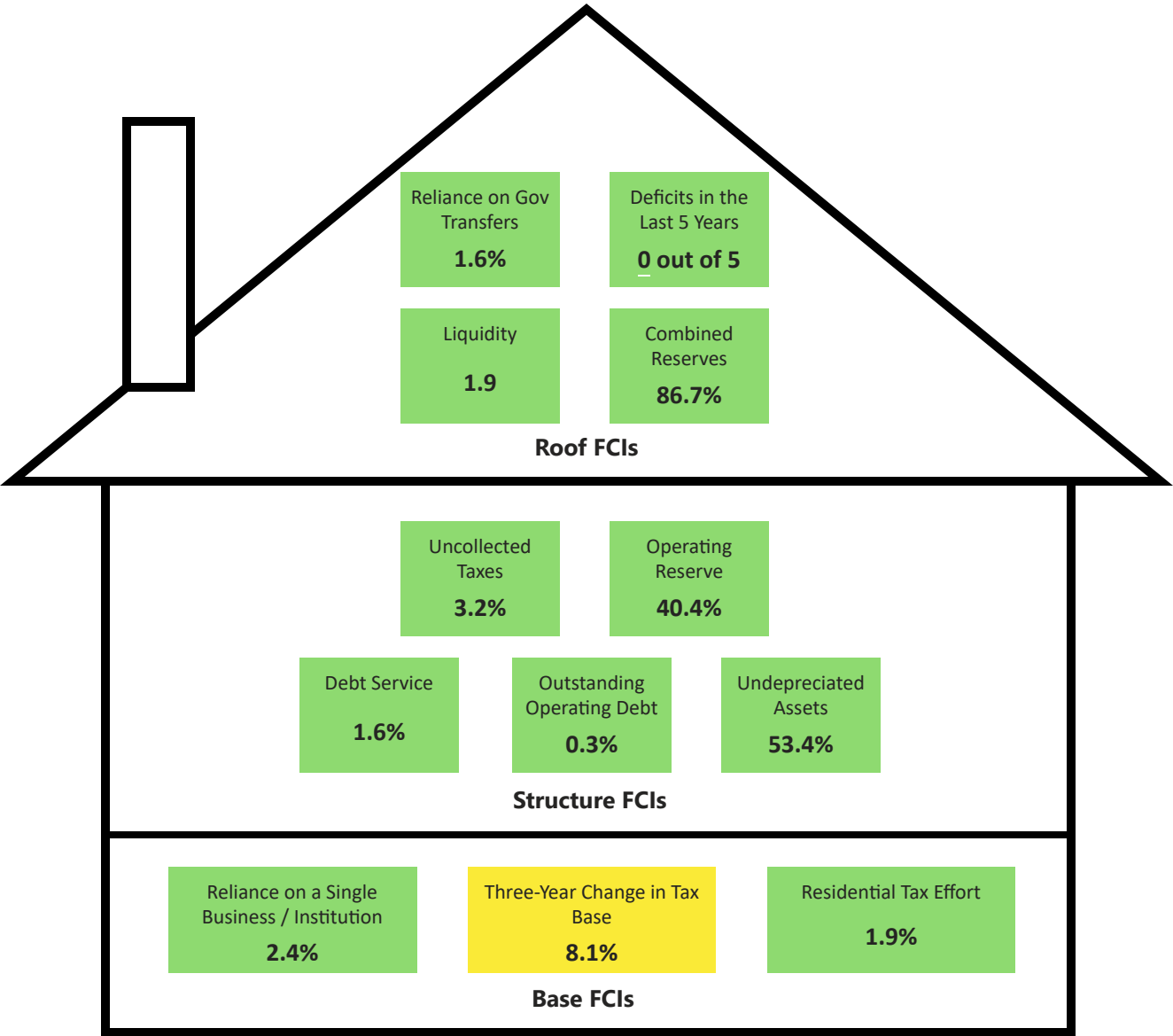
The overall Financial Conditions Index assessment for the Municipality of the County of Kings is Green (Low Risk).

This means that while the Municipality might face some challenges, it is considered low risk for fiscal instability.

As shown in the House model below, the Municipality of the County of Kings's FCIs are comprised of:

- Low Risk (green): 11 Indicators
- Moderate Risk (yellow): 1 Indicators
- High Risk (red): 0 Indicators

Individual FCI results are presented in the House below and are compared to last year's result on the next page.



Two-Year Comparison of Financial Condition Indicators

BASE	2020-21	2021-22	+/-
Reliance on a Single Business or Institution	2.5%	2.4%	-0.1%
Three-Year change in Tax Base	7.7%	8.1%	0.4%
Residential Tax Effort	2.3%	1.9%	-0.4%
STRUCTURE	2020-21	2021-22	+/-
Uncollected Taxes	3.7%	3.2%	-0.5%
Operating Reserve	36.7%	40.4%	3.7%
Debt Service	1.7%	1.6%	-0.1%
Outstanding Operating Debt	0.0%	0.3%	0.3%
Undepreciated Assets	52.9%	53.4%	0.5%
ROOF	2020-21	2021-22	+/-
Reliance on Government Transfers	1.6%	1.6%	0.0%
Number of Deficits in the Last 5 Years	0	0	0
Liquidity	2.1	1.9	-0.2
Combined Reserves	78.0%	86.7%	8.7%

*For 3-year Change in Tax Base, CPI change for 2020-21 was 6.7% and for 2021-22 was 12.1%.

Base FCI Indicator - Municipal Revenue Dimension

Reliance on a Single Business or Institution

2021-22 Results: **Low Risk 2.4 %**

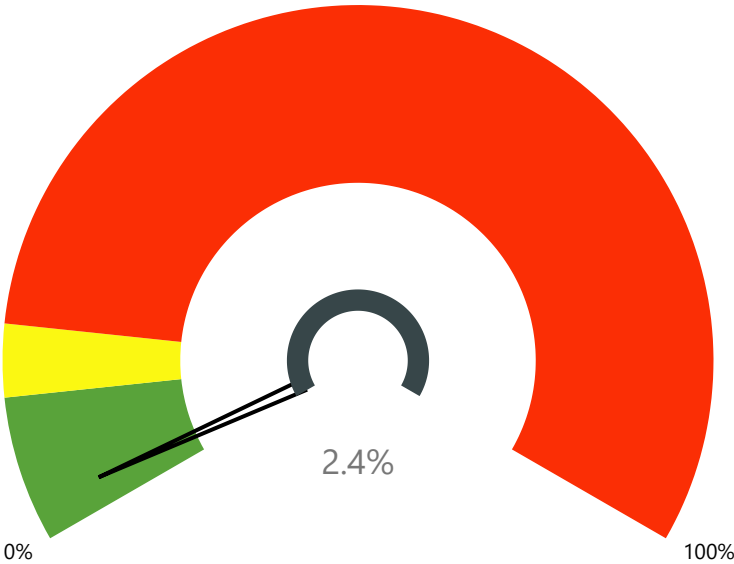
The largest single commercial or institutional account is 2.4 % of the Municipality's total Uniform Assessment.

What does it mean? The Municipality is showing no vulnerability in this area. The Municipality's tax base is not dependent on one single business or institution.

Calculation:

$$\frac{\text{Taxable assessment value of the largest business or institution}}{\text{Uniform assessment}} = 2.4\%$$

- Risk Thresholds:
- Low: Less than 10%
 - Moderate: 10% to 15%
 - High: Greater than 15%



Base FCI Indicator - Municipal Revenue Dimension

Three-Year Change in Tax Base

2021-22 Results: **Moderate Risk 8.1 %**

What does it mean? Growth is below the CPI % change of 12.1% but above 0%.
The Municipality's tax base is not keeping up with the cost of municipal services and programs.

Calculation:
$$\frac{\text{Current uniform assessment} - \text{Uniform assessment 3 years prior}}{\text{Uniform assessment 3 years prior}} = 8.1\%$$

- Risk Thresholds:
- Low: Equal or above CPI % change (Three Year CPI 2021-22: 12.1 %)
 - Moderate: Below CPI % change, but not negative growth
 - High: Negative growth

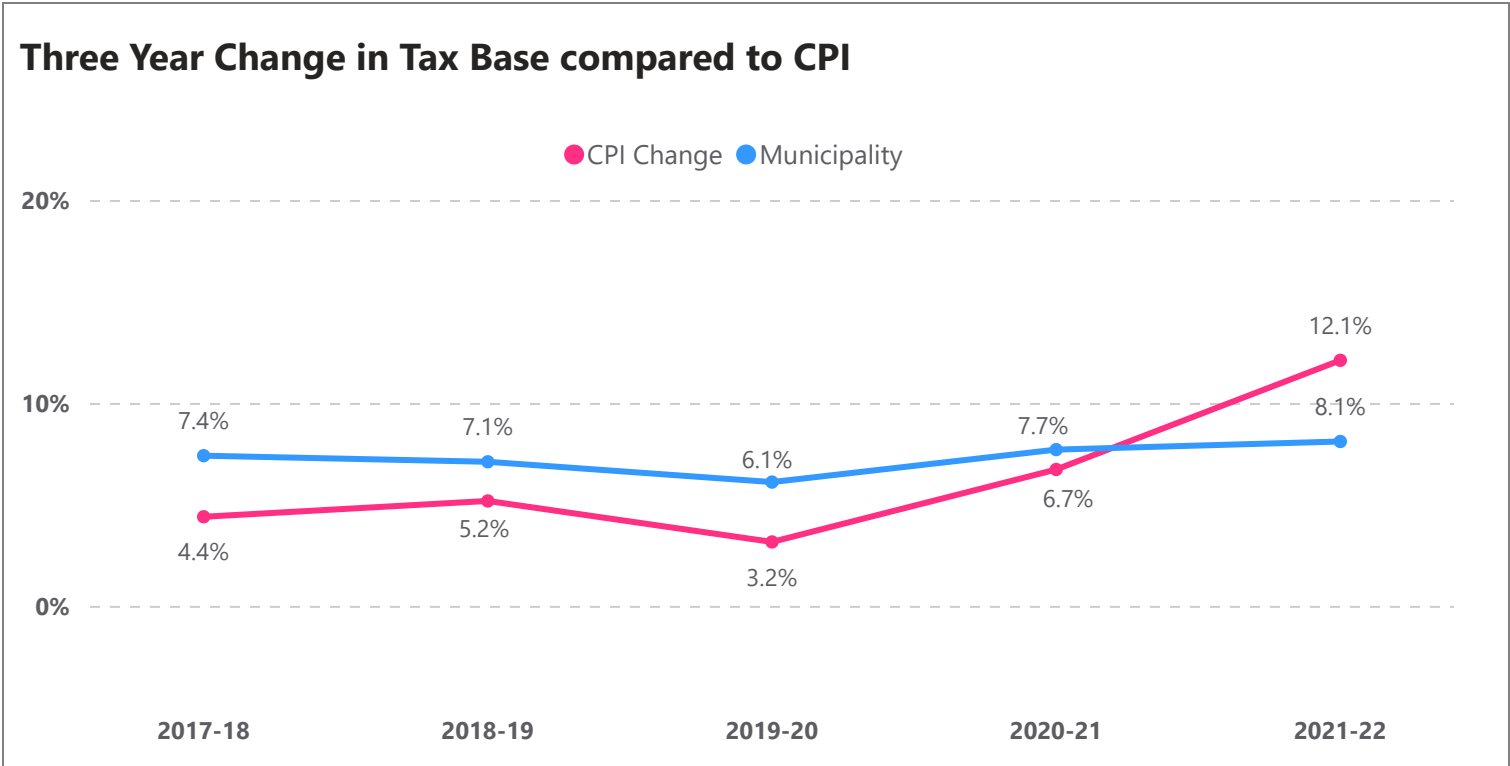


Figure 17 - Three-year change in Uniform Assessment in comparison to three-year change in CPI for the last 5 years.
Source: Statement of Estimates-Assessment and Statistics Canada

Base FCI Indicator - Municipal Revenue Dimension

Residential Tax Effort

2021-22 Results: **Low Risk 1.9 %**

1.9 % of median household income is required to pay the average tax bill.

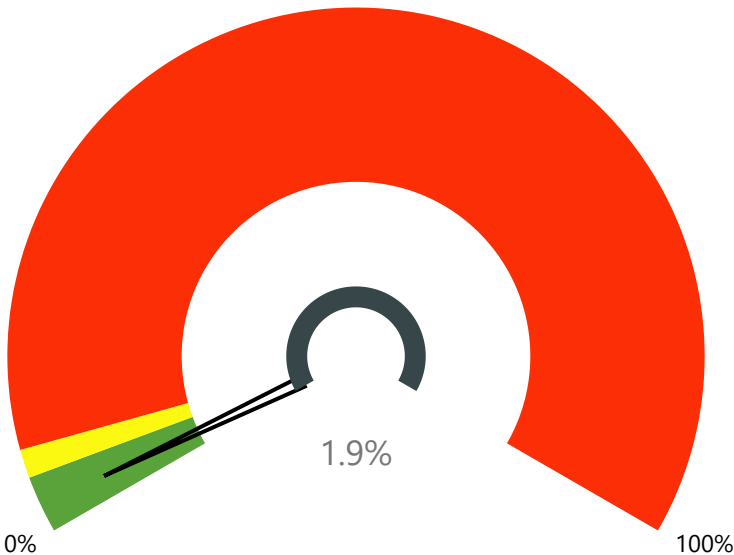
What does it mean? The Municipality has some flexibility to increase the taxes, if required.

This indicator helps council assess the affordability of municipal taxes in relation to the current service levels.

Calculation:

$$\frac{\text{Total residential tax revenue per dwelling unit}}{\text{Median household income}} = 1.9\%$$

- Risk Thresholds:
- Low: Less than 4%
 - Moderate: 4% to 6%
 - High: Greater than 6%



Structure (Management) FCI Indicator - Municipal Management Dimension

Uncollected Taxes

2021-22 Results: **Low Risk 3.2 %**

What does it mean? The Municipality is managing tax revenue collection.

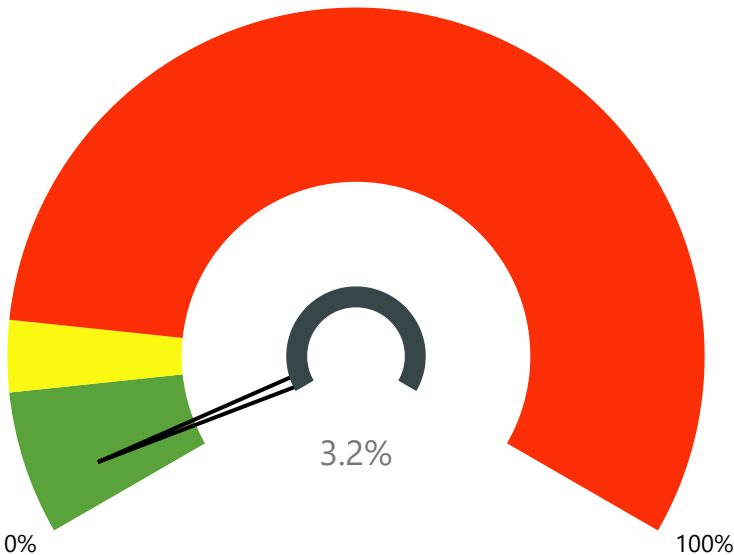
Calculation:

Total cumulative uncollected taxes

Total taxes billed in current fiscal year

= 3.2%

- Risk Thresholds:
- Low: Less than 10%
 - Moderate: 10% to 15%
 - High: Greater than 15%



Structure (Management) FCI Indicator - Municipal Management Dimension

Operating Reserve

2021-22 Results: **Low Risk 40.4 %**

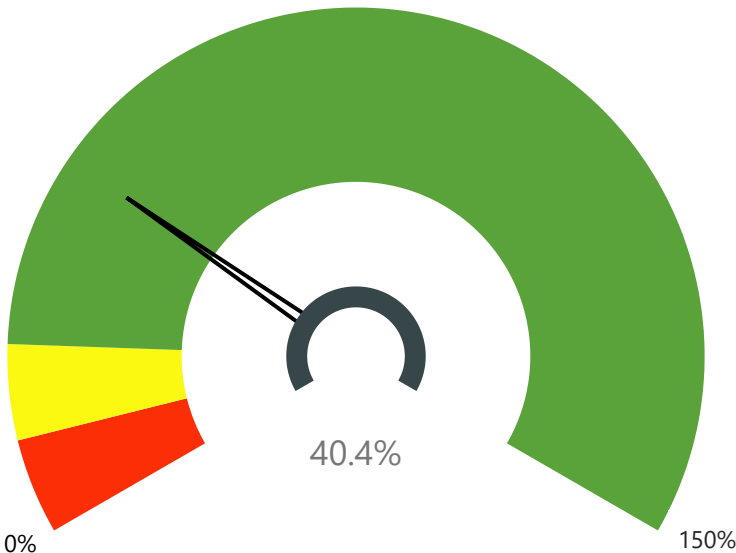
What does it mean? The Municipality is setting aside sufficient funds to help mitigate any unforeseen risks or future needs.

This indicator provides the value of funds set aside for planned future needs, to smooth expenses, or for unexpected expenses.

Calculation:

$$\frac{\text{Total operating reserve fund balance}}{\text{Total operating expenditures}} = 40.4\%$$

- Risk Thresholds:
- Low: Greater than 20%
 - Moderate: 10% to 20%
 - High: Less than 10%



Structure (Management) FCI Indicator - Municipal Management Dimension

Debt Service

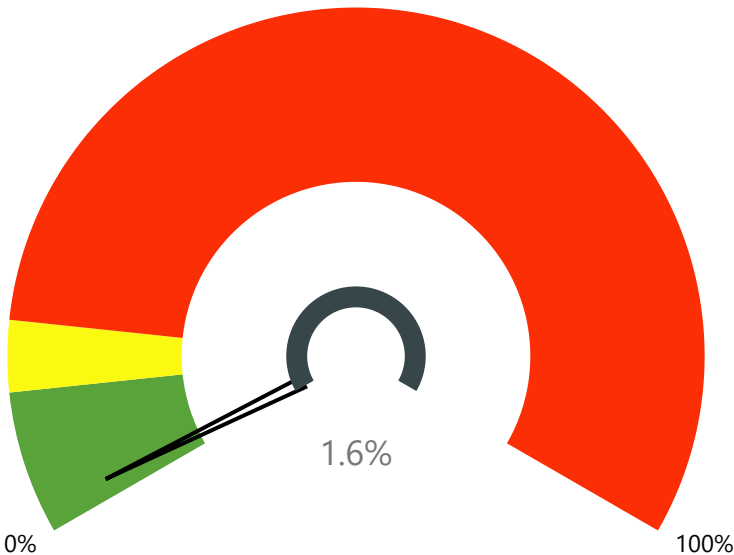
2021-22 Results: **Low Risk 1.6 %**
1.6% of own source revenue is spent on principal and interest payments.

What does it mean? With adequate cash flow, the Municipality may have the flexibility to increase borrowing levels to help finance future capital expenditures.

Calculation:

$$\frac{\text{Principal and interest paid on long-term debt}}{\text{Total own source operating revenue}} = 1.6\%$$

- Risk Thresholds:
- Low: Less than 10%
 - Moderate: 10% to 15%
 - High: Greater than 15%



Structure (Management) FCI Indicator - Municipal Management Dimension

Outstanding Operating Debt

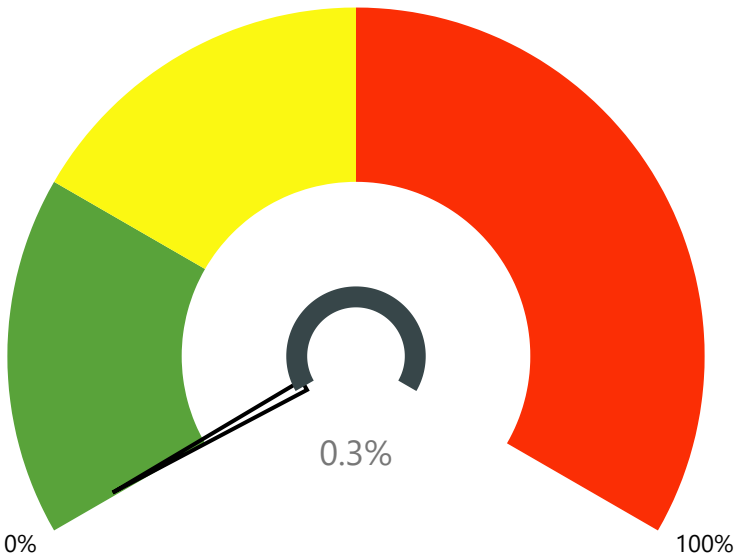
2021-22 Results: **Low Risk 0.3 %**

What does it mean? The Municipality is carrying operating debt.

Calculation:

$$\frac{\text{Total outstanding operating debt}}{\text{Total own source operating revenue}} = 0.3\%$$

- Risk Thresholds:
- Low: Less than 25%
 - Moderate: 25% to 50%
 - High: Greater than 50%



Municipal Comment:

The Municipality is carrying operating debt in the form of balances owing between Municipally controlled funds

Structure (Management) FCI Indicator - Municipal Management Dimension

Undepreciated Assets

2021-22 Results: **Low Risk 53.4 %**

What does it mean? This indicator estimates that the Municipality's capital assets have 53.4 % of their useful life remaining

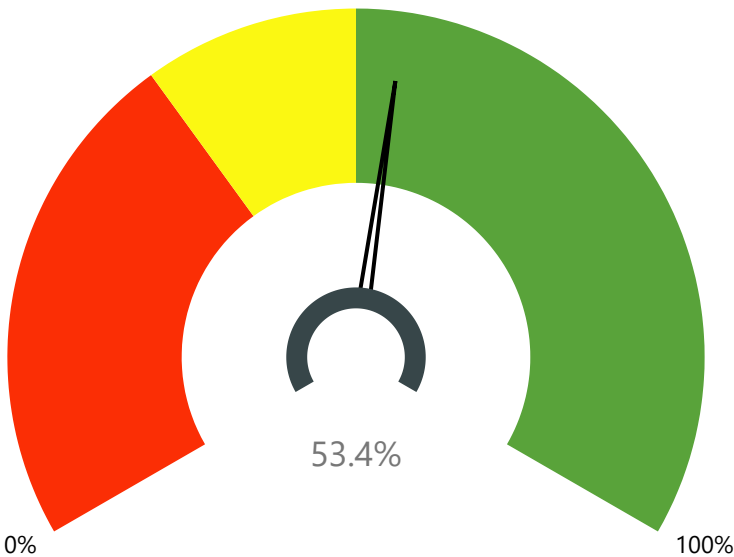
Municipalities across Canada are facing sufficient infrastructure challenges. This indicates that the Municipality may be experiencing less of an infrastructure challenge than other municipalities.

While this indicator provides an estimate of the useful life left in the Municipality/Town's recorded capital assets, it does not necessarily indicate the condition of those assets. For instance, some older assets could still be in good working condition, while the opposite could also be true.

Calculation:

$$\frac{\text{Total net book value of capital assets}}{\text{Gross costs of capital assets}} = 53.4\%$$

- Risk Thresholds:
- Low: Greater than 50%
 - Moderate: 35% to 50%
 - High: Less than 35%



Roof (Key Performance) FCI Indicator - Overall Assessment Dimension

Reliance on Government Transfers

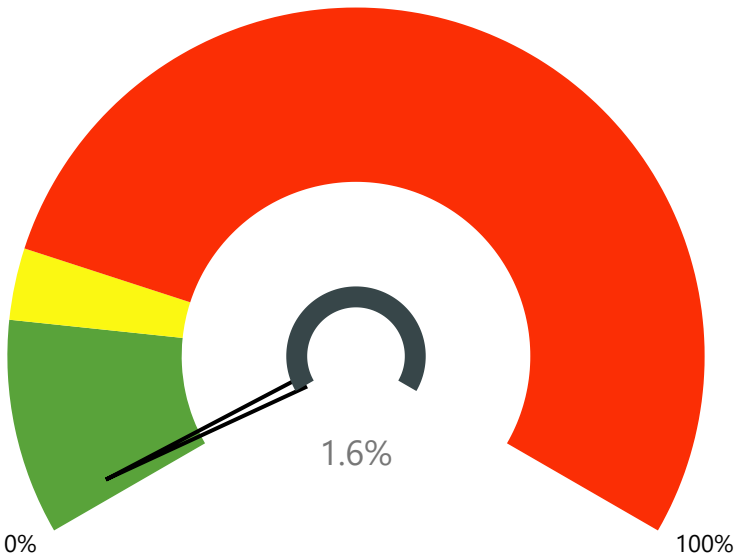
2021-22 Results: **Low Risk 1.6 %**

What does it mean? The Municipality is not dependent on another level of government to meet its service obligations.

Calculation:

$$\frac{\text{Total government transfers}}{\text{Total revenue}} = 1.6\%$$

- Risk Thresholds:
- Low: Less than 15%
 - Moderate: 15% to 20%
 - High: Greater than 20%



Roof (Key Performance) FCI Indicator - Overall Assessment Dimension

Number of Deficits in the last 5 Years

2021-22 Results: **Low Risk: 0 Operating deficit in the last five years**

What does it mean? Deficits are important indications of financial health. The result indicates that the Municipality is able to meet its needs in a balanced manner and maintains a balanced budget.

Calculation: Number of non-consolidated operating deficits in the last five years = 0

- Risk Thresholds:
- Low: 0 in the last five years
 - Moderate: 1 or more in the last 5 years
 - High: 1 or more in the last 2 years with one material deficit (0.5% of operating expenses)

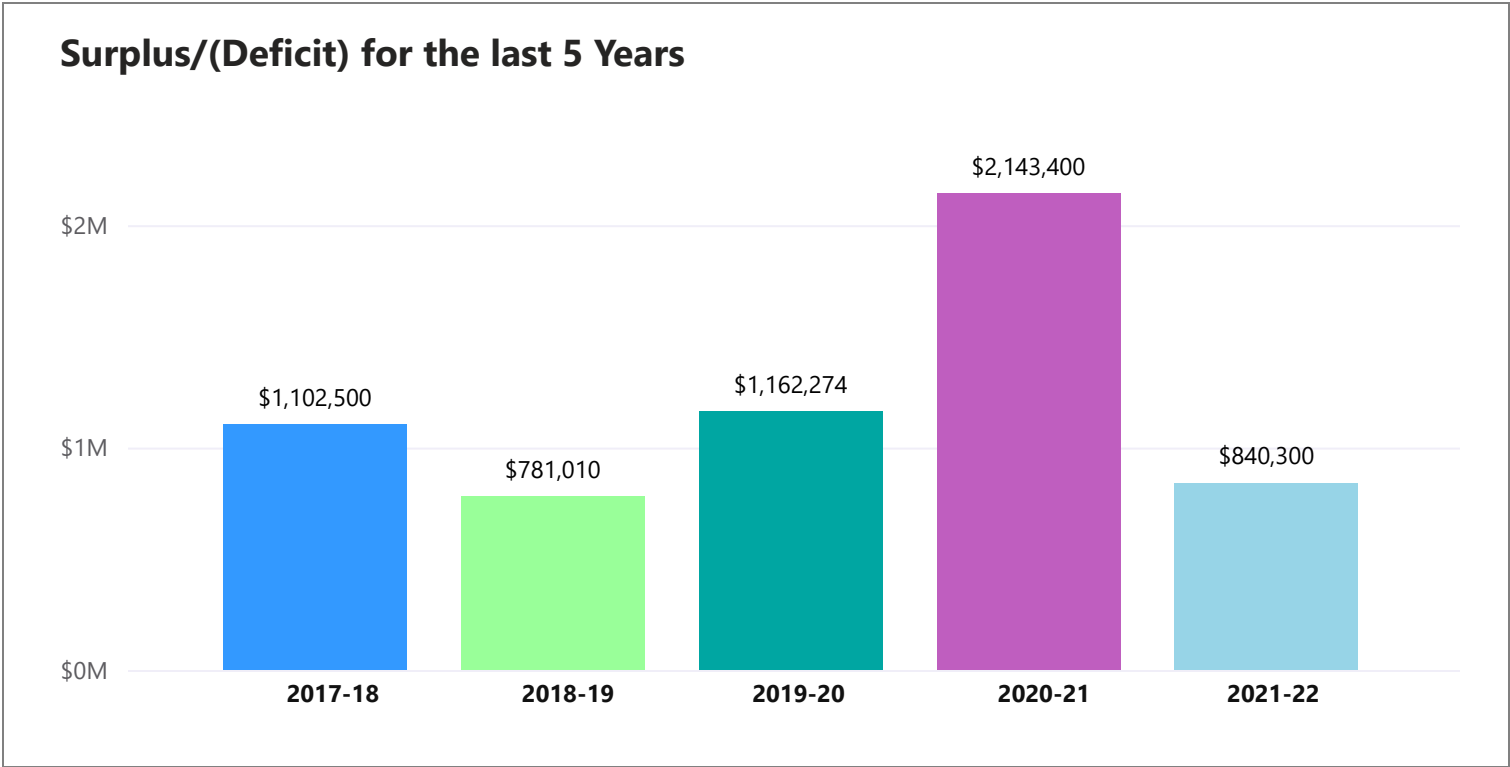


Figure 18 - Annual operating fund surplus (deficit) for the last 5 years. Source: Financial Information Return

Roof (Key Performance) FCI Indicator - Overall Assessment Dimension

Liquidity

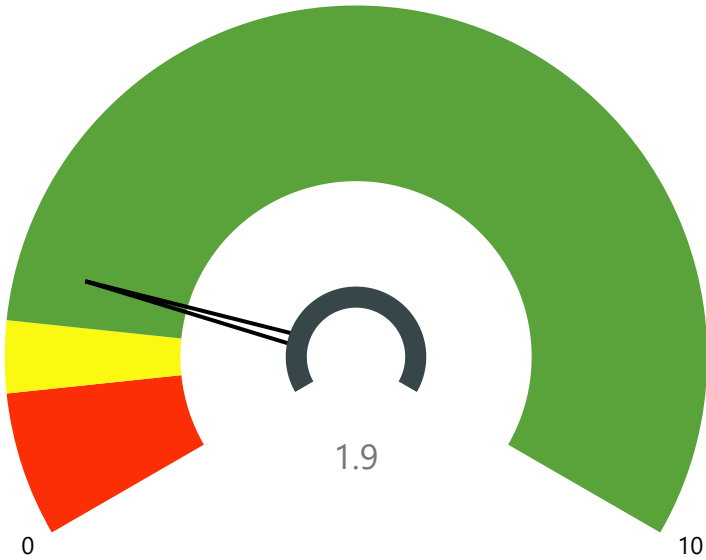
2021-22 Results: **Low Risk 1.9**

What does it mean? Liquidity is key to financial performance. The result indicates that the Municipality does not have a cash flow problem and is able to meet its service obligations.

Calculation:

$$\frac{\text{Total current financial assets}}{\text{Total current liabilities}} = 1.9$$

- Risk Thresholds:
- Low: Greater than 1.5
 - Moderate: 1 to 1.5
 - High: Less than 1



Roof (Key Performance) FCI Indicator - Overall Assessment Dimension

Combined Reserves

2021-22 Results: **Low Risk 86.7 %**

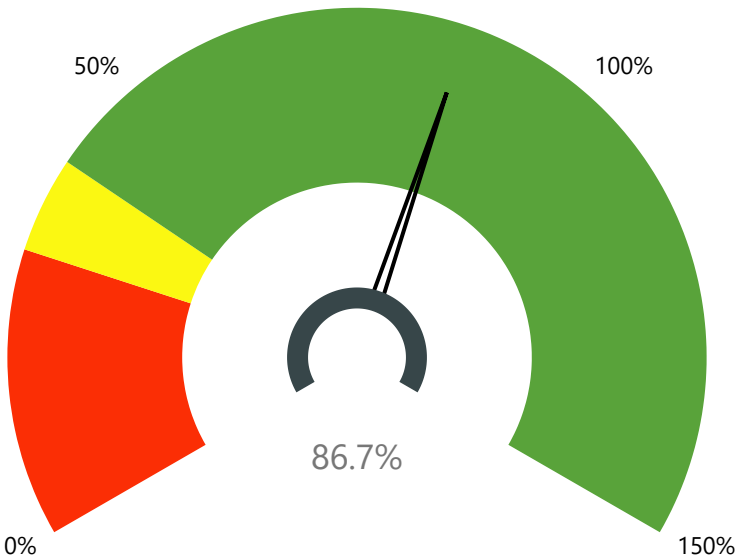
What does it mean? This result indicates that the Municipality does appear to have sufficient reserves needed to address unexpected events or provide flexibility to address future projects.

Calculation: Reserves are critical components of a municipality's long-term sustainability. This indicator shows the value of the funds held in the reserves compared to a single year's operation including amortization expenses.

Risk Thresholds:

$$\frac{\text{Total operating and capital reserves}}{\text{Total operating expenses plus amortization expense}} = 86.7\%$$

- Low: Greater than 40%
- Moderate: 30% to 40%
- High: Less than 30%



Appendix I - Additional Resources

Nova Scotia Government's Open Data Portal (data.novascotia.ca)

This portal provides access to various government data in a free, accessible, machine-readable format.

Financial datasets currently published through the Nova Scotia Government's Open Data Portal:

- Consolidated Revenues and Expenses by Municipality
- Municipal Affairs and Housing Funding Programs
- Farm Land Grant
- Financial Condition Indicators by Municipality
- Municipal Contributions to Roads
- Municipal Financial Capacity Grant
- Municipal Operating Fund- Summary of Revenue and Expenses by Municipality
- Municipal Operating Expenses by Function - 10 Year Summary
- Municipal Operating Revenue by Source - 10 Year Summary
- Municipal Property Tax Rates
- Nova Scotia Power Grant-in-Lieu
- Uniform Assessment

Appendix II - Municipal Website

The municipal website is county.kings.ns.ca

A municipality's website can be a helpful resource to access various financial information. Currently, most municipal websites provide:

- Audited Financial Statements
- Approved Operating Budget
- Quarterly Municipal Councilor and CAO Expense Report
- Quarterly Municipal Hospitality Expense Report

Contact Municipal Affairs and Housing

For more information, for support in action plan development, or to obtain a guide on action plan development:

municipalfinance@novascotia.ca.

