



P.O. Box 817
4 Cornwallis Street
Kentville, NS B4N 4H8

Incorporated partners
Forse Investments Limited
Crosby Smith Holdings Limited

(902) 678-1125 Fax (902) 678-1060
www.kentandduffett.ca

October 30, 2020

Warden Abraham Zebian
Members of Council
Region of Windsor and West Hants Municipality
PO Box 3000, 76 Morrison Drive
Windsor NS B0N 2T0

Dear Warden Zebian and Members of Council:

We recently completed our audit of the books and records for the Region of Windsor and West Hants Municipality for the year ended March 31, 2020.

The objective of our audit was to obtain reasonable assurance that the financial statements were free of material misstatement. In accordance with Canadian auditing standards, we review the Municipality's system of internal control to establish the extent we are able to place reliance in preparing our audit procedures. We have not carried out an internal control audit and we have not identified all internal control deficiencies should they exist. Accordingly, our audit would not usually identify all matters that may be of interest to the Members of Council in discharging their responsibilities and it is inappropriate to conclude that no such matters exist. However, we identified certain minor matters that should be addressed by management in order to strengthen the protection of the Municipality's assets and reliability of accounting information and/or to increase the efficiency of accounting procedures in accordance with the Public Sector Accounting Board recommendations.

We are pleased to report no matters for identification as a result of this audit.

We appreciate the co-operation and assistance of the Municipality's staff during the audit. Our communication is prepared in accordance with section CAS 200, overall objectives of the independent auditor and the conduct of an audit in accordance with Canadian auditing standards, of the CPA Handbook and is solely for the information of the Members of Council of the Region of Windsor and West Hants Municipality and is not intended for any other purpose.

Should you have any questions regarding the above, please do not hesitate to contact us.

Yours truly,

KENT & DUFFETT

Per 

Andy Forse, CPA, CA

/np

cc. Carlee Rochon
Department of Municipal Affairs

THE REGION OF WINDSOR AND WEST HANTS MUNICIPALITY

FINANCIAL STATEMENTS

MARCH 31, 2020

THE REGION OF WINDSOR AND WEST HANTS MUNICIPALITY

FINANCIAL STATEMENTS

March 31, 2020

	<u>Page</u>
Management's Responsibility for the Financial Statements	1
Independent Auditor's Report	2
Statement of Financial Activities	3
Statement of Financial Position	4
Statement of Change in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7-8
Schedule of Operations by Function	9

THE REGION OF WINDSOR AND WEST HANTS MUNICIPALITY

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

Management's Responsibility for the Financial Statements

The accompanying financial statements are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("CPA"). A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Kent & Duffett, independent external auditors appointed by the Municipality. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Mark Phillips

CAO

October 30, 2020

INDEPENDENT AUDITOR'S REPORT

Region of Windsor and West Hants Municipality

Opinion

We have audited the consolidated financial statements of the **Region of Windsor and West Hants Municipality** which comprise the statement of financial position as at March 31, 2020, statements of financial activities, change in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Municipality are prepared, in all material respects, in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.

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

Kentville, Nova Scotia
October 30, 2020


Chartered Professional Accountants
Registered Municipal Auditor

THE REGION OF WINDSOR AND WEST HANTS MUNICIPALITY

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31, 2020

	Budget (unaudited)	2020	2019
REVENUES			
Grants	\$ -	\$ 50,000	\$ -
Interest	-	18,658	-
Revenue recognized from reserves - transition funding (note 4)	1,381,000	1,404,366	-
	<u>1,381,000</u>	<u>1,473,024</u>	<u>-</u>
EXPENSES			
General government services			
Administrative	\$ 270,000	\$ 125,281	\$ 2,903
Election	85,000	56,862	-
Professional fees	60,000	102,718	2,156
Transition professional services	536,000	526,040	76,739
Transition wages and expenses	240,000	245,013	112,575
Wages and benefits	190,000	161,470	2,525
	<u>1,381,000</u>	<u>1,217,384</u>	<u>196,898</u>
ANNUAL SURPLUS (DEFICIT)	-	255,640	(196,898)
ACCUMULATED SURPLUS AT BEGINNING OF		<u>(196,898)</u>	<u>-</u>
ACCUMULATED SURPLUS (DEFICIT) AT END OF YEAR		<u>\$ 58,742</u>	<u>\$ (196,898)</u>

THE REGION OF WINDSOR AND WEST HANTS MUNICIPALITY

STATEMENT OF FINANCIAL POSITION

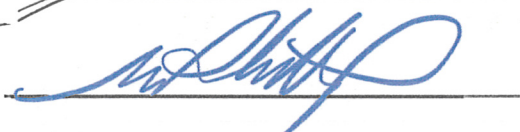
AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash (note 1(e))	\$ 210,167	\$ -
Harmonized sales tax rebate	<u>108,296</u>	<u>8,660</u>
	<u>318,463</u>	<u>8,660</u>
LIABILITIES		
Accounts payable	146,555	107,333
Consolidation funding reserve	95,634	-
Due to Municipality of the District of West Hants	<u>34,632</u>	<u>98,225</u>
	<u>276,821</u>	<u>205,558</u>
NET ASSETS (DEBT) (page 5)	<u>41,642</u>	<u>(196,898)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	<u>17,100</u>	-
	<u>17,100</u>	-
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 58,742</u>	<u>\$ (196,898)</u>

On behalf of the Region of Windsor and West Hants Municipality



Mayor



Chief Administrative Officer

THE REGION OF WINDSOR AND WEST HANTS MUNICIPALITY

STATEMENT OF CHANGE IN NET ASSETS

AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
ANNUAL SURPLUS (DEFICIT) [page 3]	\$ 255,640	\$ (196,898)
Change in inventory and prepaid expenses	<u>(17,100)</u>	<u>-</u>
CHANGE IN NET ASSETS	238,540	(196,898)
Net assets at beginning of year	(196,898)	-
NET ASSETS (DEBT) AT END OF YEAR	<u>\$ 41,642</u>	<u>\$ (196,898)</u>

THE REGION OF WINDSOR AND WEST HANTS MUNICIPALITY

STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 255,640	\$ (196,898)
(Increase) decrease in harmonized sales tax rebate	(99,636)	(8,660)
Increase (decrease) in accounts payable	39,222	107,333
Increase (decrease) in amounts due to other local governments	(63,593)	98,225
Increase (decrease) in consolidation funding reserve	95,634	-
Increase (decrease) in non-financial assets	(17,100)	-
	<u>210,167</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS	210,167	-
Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 210,167</u>	<u>\$ -</u>

THE REGION OF WINDSOR AND WEST HANTS MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Region of Windsor and West Hants Municipality are prepared by management in accordance with Canadian generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity

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

(b) Basis of accounting

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

(c) Fund accounting

Funds within the financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(d) Use of estimates

In preparing the Municipality's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

(e) Cash and cash equivalents

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

(f) Revenue and expenditure

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

(g) Financial instruments

The Municipality's financial instruments include cash and cash equivalents, receivables, payables and accruals and other debt. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these instruments approximate their carrying value.

THE REGION OF WINDSOR AND WEST HANTS MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

2. DISCLOSURE OF REMUNERATION

The total remuneration paid to those charged with oversight is as follows:

	Remuneration	Expenses
Transition Coordinator	\$ 237,725	\$ 7,287
	<u>\$ 237,725</u>	<u>\$ 7,287</u>

3. SEGMENTED INFORMATION

The Region of Windsor and West Hants Municipality is a municipal unit that provides a wide range of services to its residents. The Municipality's operations and activities are organized and reported by fund for the purpose of recording specific activities to meet objectives as outlined by legislation, special regulation, or other limitations and restrictions.

Services are provided by department and their activity is reported in these funds.

General government services

Administrative - This department is responsible for financial and local government administration. Functions include budget and financial statement preparation, tax collection, the Municipal Government Act administration, and accounts payable and receivable.

4. FUNDING AGREEMENT

As a part of the consolidation of West Hants and Windsor into one entity, the Province of Nova Scotia has agreed to provide the following funding:

- \$1,500,000 in pre-consolidation funding to cover costs associated with the transition.
- No less than \$2,152,015 in equalization funding over a five year period, beginning April 1, 2020.

THE REGION OF WINDSOR AND WEST HANTS MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

SCHEDULE OF OPERATIONS BY FUNCTION

	2020	2019
	General Government	General Government
REVENUE		
Grants	50,000	-
Interest	18,658	-
Other - revenue recognized from reserves	1,404,366	-
TOTAL REVENUE	1,473,024	-
EXPENDITURES		
Salaries, wages and benefits	\$ 399,196	\$ 112,308
Operating costs	818,188	84,590
TOTAL EXPENDITURES	1,217,384	196,898
SURPLUS (DEFICIT)	\$ 255,640	\$ (196,898)