



THE MUNICIPALITY OF THE DISTRICT OF SHELburne
FINANCE DEPARTMENT

414 Woodlawn Drive, PO Box 280 Shelburne, Nova Scotia B0T 1W0
Phone: (902) 875-3544 – Fax: (902) 875-1278
www.municipalityofshelburne.ca

Municipality of the District of Shelburne
AUDIT COMMITTEE MEETING
January 14, 2026
10:00 a.m.

AGENDA

1. Call to Order
2. Election of Officers – Chair and Vice Chair – Erin Hartley, Deputy CAO
3. Amendments/Approval of Agenda (pg. 1)
4. Approval of Minutes – July 3, 2025 (pgs. 2-4)
5. Review of Terms and Reference – Erin Hartley, Deputy CAO (pgs. 5-8)
 - a. Member Confirmation of Audit Committee Training
 - b. Role of Alternate Council Member
6. Business Arising
7. Auditors Plan March 31, 2026 – Gloria Banks – Grant Thornton (see attached separately)
8. FCI 2023/2024 – Michelle Williams, DOF (pgs. 9-47)
9. Financial Update – January 2026 – Presented by Management Team at the January 28, 2026, Council Meeting
10. Year to Date Audit Committee Report to Council – Chair (pg. 48)
11. Reporting Motions to Council – Chair
12. Next Meeting – To be determined when Audit is completed – June/July 2026
13. Adjournment



**THE MUNICIPALITY OF THE DISTRICT OF SHELBURNE
FINANCE DEPARTMENT**

414 Woodlawn Drive, PO Box 280 Shelburne, NS B0T 1W0

Phone: (902) 875-3544 – Fax: (902) 875-1278

www.municipalityofshelburne.ca

Municipality of the District of Shelburne

AUDIT COMMITTEE MEETING

MINUTES

Thursday, July 3, 2025

10:00 am

A meeting of the Audit Committee was held on Thursday, July 3, 2025.

Present:

Warden Penny Smith, Chairperson

Councilor Dale Richardson

Warren MacLeod, CAO

Michelle Williams, Director of Finance

Michelle Mitchell, Finance Clerk

Gloria Banks, CPA, CA

Doane Grant Thornton (via teams)

Victoria Ells, CPA, CA

Doane Grant Thornton (via teams)

Jasmine Thibodeau,

Doane Grant Thornton (via teams)

Regrets:

Councilor Ron Coole

1. Call to Order

The meeting was called to order at 10am by Chairperson, Penny Smith

2. Amendments/Approval of Agenda

Being duly moved and seconded, be it resolved that the Agenda of July 3, 2025, be approved as circulated.

3. Approval of Minutes

Being duly moved and seconded, be it resolved that the Minutes of January 15, 2025, be approved as circulated.

4. Business Arising

There is no business arising.

5. Review of 2024/2025 Audit – Gloria Banks & Victoria Ells, Grant Thornton

Gloria Banks, CPA, CA, and Victoria Ells, CPA, CA, Grant Thornton LLP, presented the Audit Committee with a draft of the Municipality's Financial Statements for the 2024/2025 fiscal, the

2024/2025 Audit Report - results from the Audit, and the Management and Internal Control letters. Ms. Banks will also present at the next Council meeting scheduled for July 9, 2025.

The following questions were asked, and answers and/or discussion were had:

1. It was asked why there was an increase in the HST offset for the 2024/25 fiscal year, with the reasoning being that it was higher due to the construction of the new Municipal building.
2. It was asked if people receive interest on the tax sale surplus, with the answer being no, that the Municipality of the District of Shelburne receives interest on the surplus.
3. It was asked why some of the Councillors remuneration is different, with the reasoning being that there was a change in the Deputy Warden during the year.
4. It was noted that the tax sale surplus has decreased this year because there were five properties that the original owners applied for the vested 20 years and was approved to receive the access of the sales.
5. It was asked if there has been any progress with the group solar contract and it was noted that the CAO indicated feedback from the province was not favourable in terms of granting the contract and that it is at a standstill currently.
6. There was clarification made on the Operating Reserve, that the Operating Reserve contains sub reserves and the Fire Reserve (namely Special Reserve) is separate and contains area rate funds charged to the residents on the tax bill towards the purchase of a fire truck.

Gloria Banks, Victoria Ells, and Jasmine Thibodeau left the meeting at 11:24 am.

6. FCI 2022/2023 – Michelle Williams, Director of Finance

Michelle Williams, Director of Finance reviewed the 2022/2023 FCI.

7. Review of the 2024/2025 Council & Hospitality Expense Reports Including Respected Policies – Michelle Williams, Director of Finance

Michelle Williams, Director of Finance reviewed the 2024/2025 Council & Hospitality Expense Reports including the respected policies.

8. Financial Update – July 2025 – Michelle Williams, Director of Finance

Michelle Williams, Director of Finance, reviewed the July 2025 Financial Update.



**THE MUNICIPALITY OF THE DISTRICT OF SHELBURNE
FINANCE DEPARTMENT**

414 Woodlawn Drive, PO Box 280 Shelburne, NS B0T 1W0

Phone: (902) 875-3544 – Fax: (902) 875-1278

www.municipalityofshelburne.ca

9. Year to Date Audit Committee Report to Council – Warden Penny Smith, Chairperson

The members of the Audit Committee reviewed the Year-to-Date Audit Committee Report; this will be presented at council by Warden Penny Smith.

10. Reporting Motions to Council – Warden Penny Smith, Chair

Being duly moved and seconded, The Audit Committee recommends the following two motions:

1. Recommends that the Council of the Municipality of the District of Shelburne adopts the financial statements as presented for the 2024/2025 fiscal year.
2. Recommends that the Council of the Municipality of the District of Shelburne transfer the surplus of \$574,167.32 for the 2024/2025 fiscal year to the Operating Reserve Fund.

11. Next Meeting

The next meeting of the Audit Committee is to be determined.

12. Adjournment

There being no further business, the meeting was adjourned at 11:37 am.

Michelle Mitchell, Finance Clerk
Recording Secretary

Michelle Williams, Director of Finance

Chairperson

Municipality of the District of Shelburne
AUDIT COMMITTEE

Terms of Reference

1. Purpose

The purpose of the Audit Committee is to act as an advisory board carrying out critical review functions on behalf of Council. The function of the audit committee is to assist Council in fulfilling their oversight responsibilities related to quality and integrity of financial reporting.

2. Authority

Council and Committee gains its responsibility and authority under Sections 44 of the *Municipal Government Act*.

3. Duties and Responsibilities

1. The duties and responsibilities of the Audit Committee are to:
 - a) carry out a detailed review of the financial statements of the Municipality with the auditor;
 - b) receive information regarding the evaluation of internal control systems and any management letter with the auditor;
 - c) carry out a review of the conduct and adequacy of the audit;
 - d) make recommendations to Council to carry out such matters arising out of the audit as may appear to the audit committee to require investigation;
 - e) carry out such other matters as may be determined by Council to be the duties of an audit committee;
 - f) make recommendations to Council regarding the acceptance of the yearly audit;
 - g) advise on any other matters as may be determined by Council from time to time.

2. The Audit Committee is committed to effective decision making and once a decision has been made, speaking with one voice. Towards this end, committee members will:
 - a) refrain from “lobbying” outside of committee meetings that might have the effect of limiting free and open discussion;
 - b) on important issues, encourage consensus decisions as well as ones that strive for collaborative rather than compromise solutions;
 - c) once made, support majority decisions, even if one’s view is a minority one;
 - d) respect the confidentiality of information on sensitive issues;
 - e) refrain from speaking for the committee unless authorized to do so by motion of the committee;
 - f) disclose one’s involvement with other organizations, businesses or individuals where such a relationship might be viewed as a conflict of interest;
 - g) not act or speak on behalf of the Municipality.
 - h) adhere to the Municipality’s Code of Conduct.

4. Committee Composition

1. Membership on the Audit Committee shall include two elected representatives and an alternate from the Municipality of the District of Shelburne and one member of the public, duly appointed by Council annually pursuant to Section 44(1) of the *Municipal Government Act*. Members of the public appointed to this committee should have strong financial backgrounds and be able to comprehend complex financial and regulatory processes.
2. The Director of Finance shall act as the staff resource for the Audit Committee. The Finance Clerk shall act as the recording secretary for the Audit Committee.
3. Member applications shall be vetted by the CAO and member appointment will be by Council motion. Members of the public can not be related to a member of Council or to an employee of the Municipality.
4. At the end of each two (2) year term a Committee member may express their interest in continuing as a member or resign as a member.
5. Where a vacancy occurs on the Committee, the Council shall appoint a person to fill the position as soon as possible; that person shall hold office for the remainder of the term of the member in whose place that person is appointed.
6. Where there is a member of the public vacancy the Committee shall continue to meet and perform its duties and may exercise its powers; and the municipality shall advertise to recruit a new community member at least once every six months until the position is filled.
7. Each member will serve without remuneration but shall be reimbursed for such expenses as are necessarily incurred by such member in the discharge of the member's duties, with prior approval from the CAO.
8. Each member must complete training as prescribed by the Department of Municipal Affairs on their own time and provide proof of training to the staff resource.
9. The Audit Committee shall elect a Chairperson and Vice Chairperson annually from among its members.
 - a) The Chairperson is accountable to Council for their performance.
 - b) The Chairperson has no formal authority to direct the Committee, unless specifically authorized by Council by resolution.
 - c) Primary duties of the Chairperson include:

- i. Chairing all meetings of the Committee;
 - ii. Enforcing rules as they apply to the Committee and its individual members;
 - iii. Disciplining members of the Committee in consultation with the CAO;
 - iv. Ensuring full and timely communication with members of the Committee;
 - v. Ensuring effectiveness of the Committee;
 - vi. When any person uses profanity and/or obscene language or unbecoming behaviour, that person shall be advised by the Chair that they are out of order and asked to apologize. If no apology is forthcoming then the person shall be asked to leave the meeting immediately. If the person fails to leave the meeting then the Chair shall adjourn the meeting until the matter has been resolved. If necessary the Chair will ask the CAO or staff resource to contact the RCMP to address the matter.
- d) Unless otherwise indicated, the Chair may be removed by a resolution of the Committee or by resolution of Council for which advance notification has been given to all members, duly moved and seconded, and passed by majority of members present at a regular or special meeting of the Committee or Council.
 - e) The Vice Chairperson shall act in the place of the Chairperson during absences, unavailability or conflicts on interest of the Chairperson.
10. Municipal Auditor's role is to conduct the yearly financial audit of the Municipality's accounts and funds in order to provide an independent opinion on the financial condition of the Municipality, including confirmation that the funds and accounts of the Municipality clearly represent the financial position of the Municipality on a given date. The Auditor will meet with the Committee at least twice annually to review the engagement and audit process, materiality limits, timetable and proposed fees at the outset, followed by a review of the draft financial statements, management letter and Financial Information Return after the audit.
11. The Audit Committee shall report directly to the Council of the Municipality of the District of Shelburne and indirectly to the Chief Administrative Officer for operational and administrative support.
12. The Audit Committee must maintain minutes of its meetings and submit written reports to Council.
13. All meetings of the Audit Committee are considered public, except those matters deemed to be private and confidential in nature and subject to Section 22 of the Municipal Government Act. Minutes and subsequent resolutions of such meetings shall be recorded and publicly available upon approval by the Committee. Information and

reports of the Committee shall be subject to normal Freedom of Information and Protection of Privacy (FOIPOP) regulations.

5. Meeting Requirements

1. Meetings of the Audit Committee shall be held whenever circumstances demand such a meeting, however the Committee must meet at least two times per fiscal year. The Committee will generally meet in January and July, during regular office hours. Additional meetings may be held, or the above meetings date and times changed, when prior notification is provided to Committee members;
2. No decisions may be made at any Audit Committee meeting without a quorum (at least two of the three voting members). All decisions of the Audit Committee shall be made by majority vote of committee members. Where a majority is not forthcoming, the vote shall be determined in the negative.
3. Agendas will be developed to address its terms of reference and responsibilities.

Approved by Council: June 28, 2023

Amended by Council: December 11, 2024



Municipal Report



Municipality of the District of Shelburne

Department of Municipal Affairs

Municipal Profile and
Financial Condition Indicators Results
2023-24

Table of Contents

Introduction	Page 1
Chapter 1	
Municipal Profile	Page 2
About the Municipality	Page 3
Population Highlights	Page 4
Population Trends	Page 5
Population Comparison	Page 6
Age Group Comparison	Page 7
Population Outlook.....	Page 8
Economic Indicators	Page 9
Chapter 2	
Assessment Information	Page 10
Chapter 3	
Financial Information	Page 11
Financial Highlights	Page 12
Consolidated Revenue	Page 13
General Operating Revenue	Page 14
Consolidated Expenses	Page 15
General Operating Expenses	Page 16
Comparison to Provincial Average	Page 17
Accumulated Surplus (Deficit)	Page 18
Debt	Page 19
Chapter 4	
Financial Condition Indicators: House Model	Page 20
Overall Assessment	Page 21
Financial Condition Indicators: Highlights & House	Page 22
Two-Year Comparison of Financial Condition Indicators	Page 23
Base FCI: Reliance on a Single Business or Institution	Page 24
Base FCI: Three-Year Change in Tax Base	Page 25
Base FCI: Residential Tax Effort	Page 26
Structure FCI: Uncollected Taxes	Page 27
Structure FCI: Operating Reserve	Page 28
Structure FCI: Debt Service	Page 29
Structure FCI: Outstanding Operating Debt	Page 30
Structure FCI: Undepreciated Assets	Page 31
Roof FCI: Reliance on Government Transfers	Page 32
Roof FCI: Number of Deficits in the last 5 Years	Page 33
Roof FCI: Liquidity	Page 34
Roof FCI: Combined Reserves	Page 35
Appendix I - Additional Resources	Page 36
Appendix II - Municipal Website	Page 36
Contact Municipal Affairs	Page 36

Introduction

The Department of Municipal Affairs 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: Shelburne County

Approximate size: 1,817 km²

Number of dwellings*: 3,143

Government: 7 Elected councillors (including the Warden)



Figure 1 - Location of Municipality

Municipal Profile - Highlights

Population Highlights

Municipal Population 2021 Census:	4,336
Percent of Provincial population:	0.45%
Municipal Population 5-year trend:	1.12%
County's 5-year trend:	-4.22%

Since the last census in 2016, **48** more people live in the Municipality

Population Change from 2016 to 2021

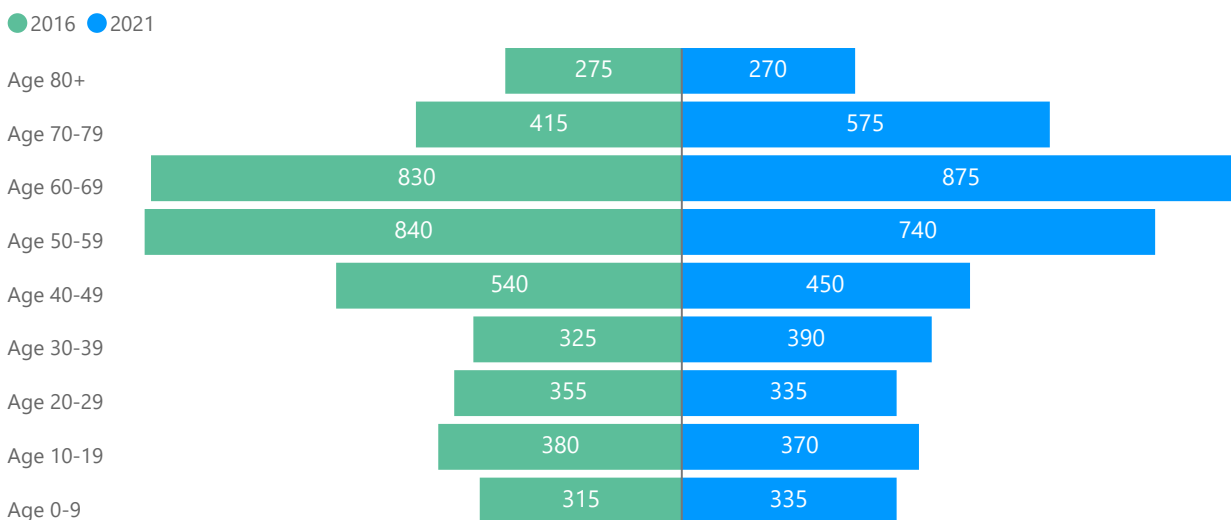


Figure 2 - Population Change from 2016 to 2021 (rounded to nearest five). Source: Statistics Canada

Municipal Profile - Highlights

Population Trends

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

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

Population Trend from 2001 to 2021

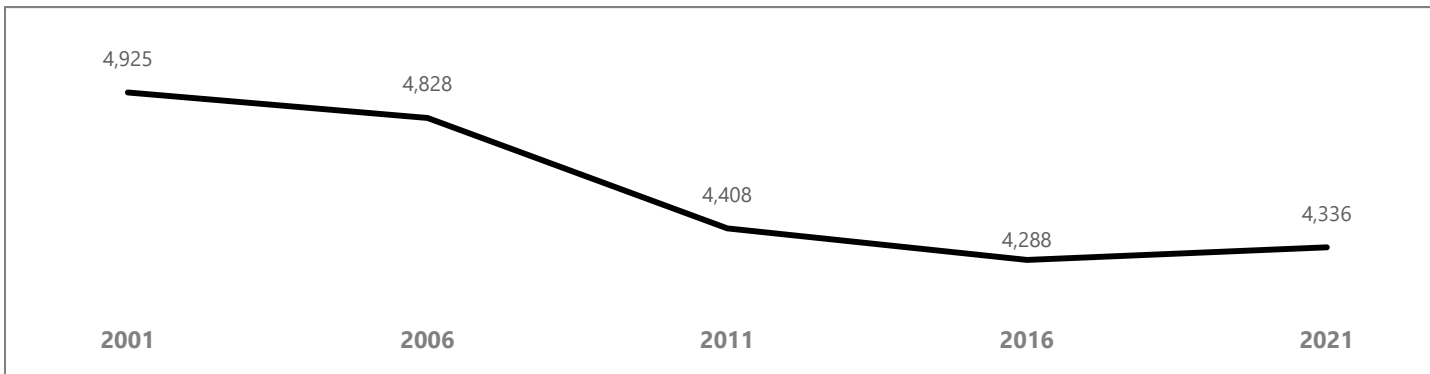


Figure 3 - Population from 2001-2021. Source: Statistics Canada

Population Change from 2016 to 2021

Year ● 2016 ● 2021

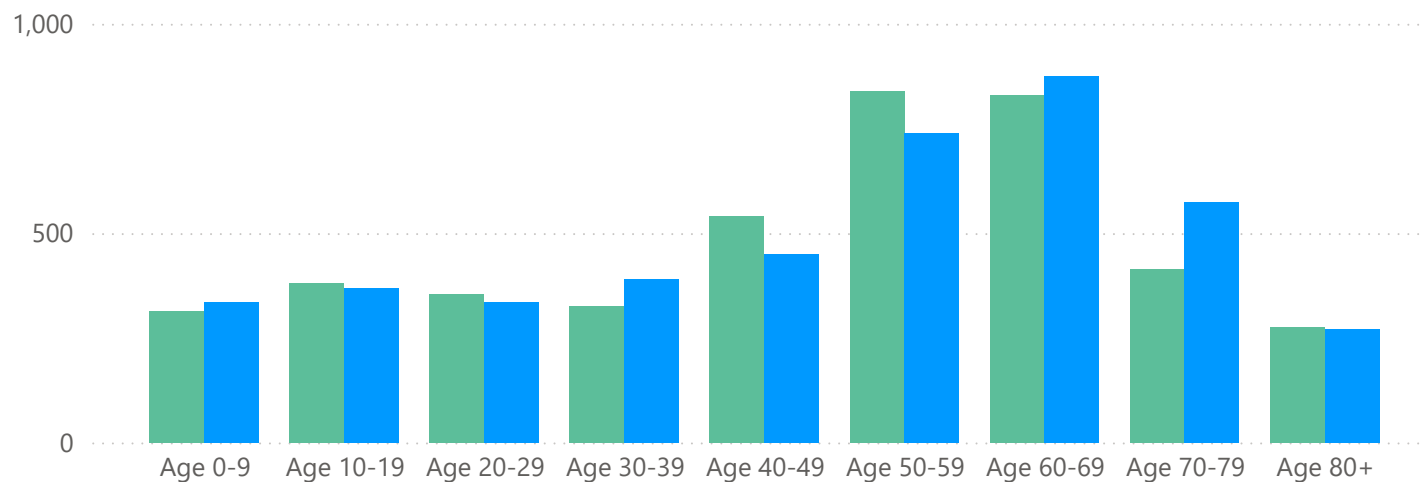


Figure 4 - Population by Age Group from 2016 to 2021. Source: Statistics Canada

Municipal Profile - Highlights

Population Comparison

Comparison of the Municipality of the District of Shelburne vs. the Rural Average

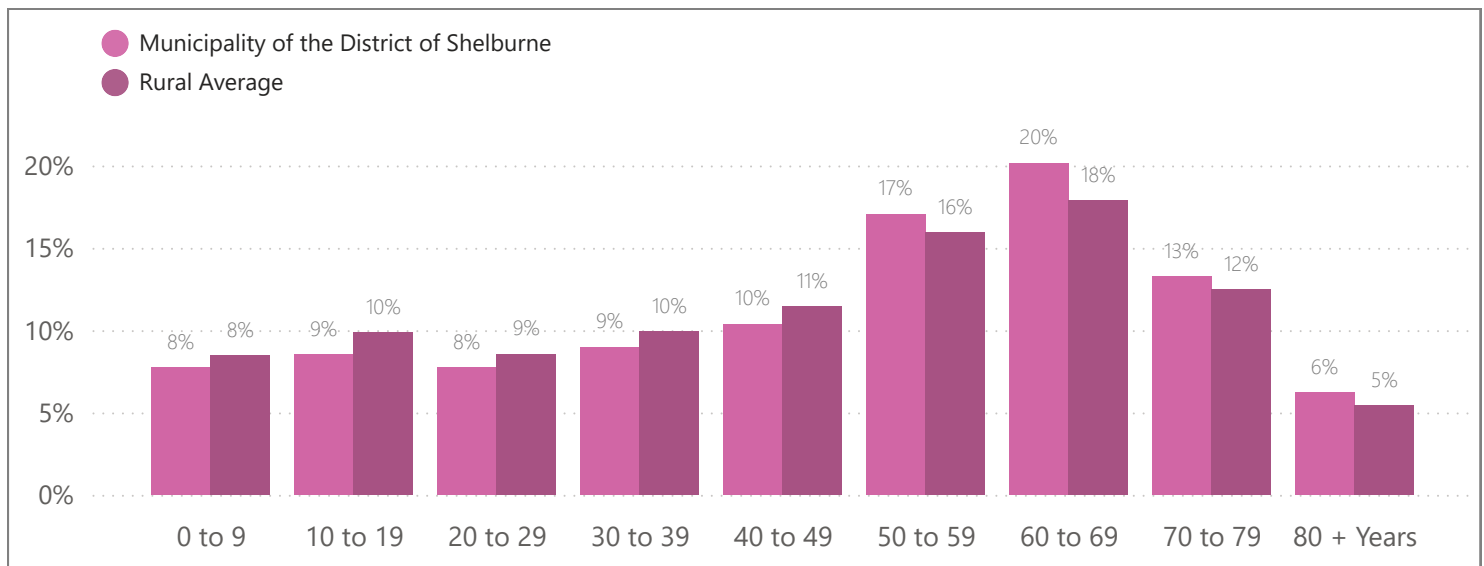


Figure 5 - Population by Age Group. Source: Statistics Canada

Comparison of the Municipality of the District of Shelburne vs. the Provincial Average

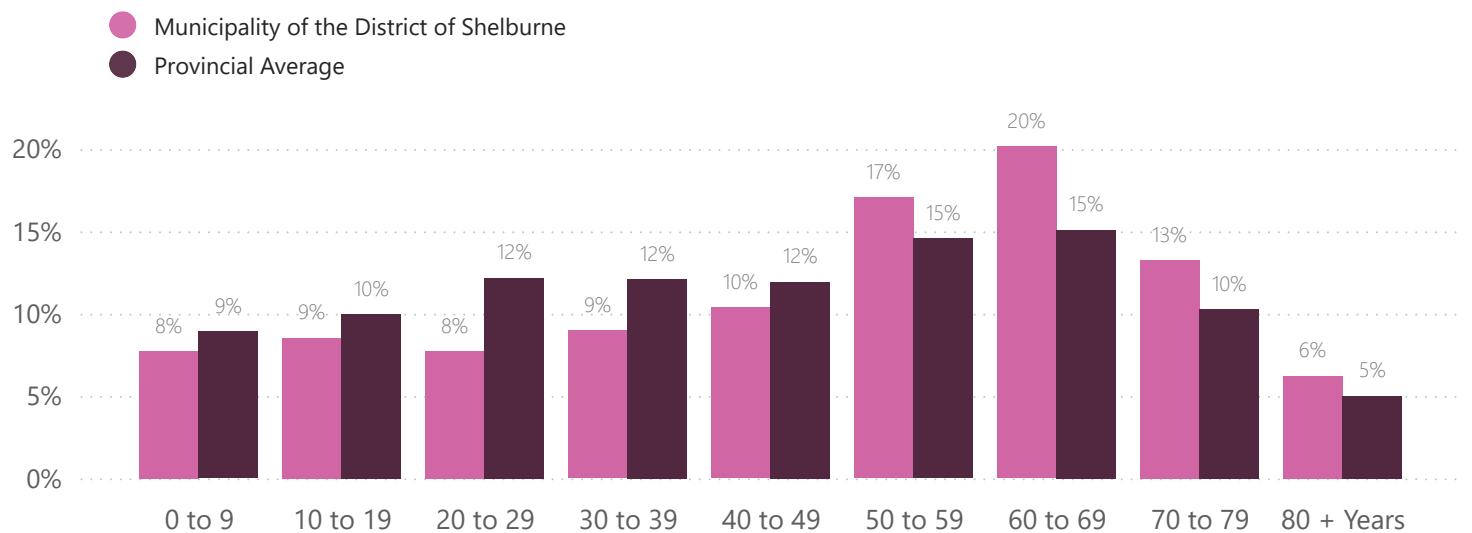


Figure 6 - Population by Age Group. Source: Statistics Canada

Municipal Profile - Highlights

Age Group Comparison

Population Age Groups

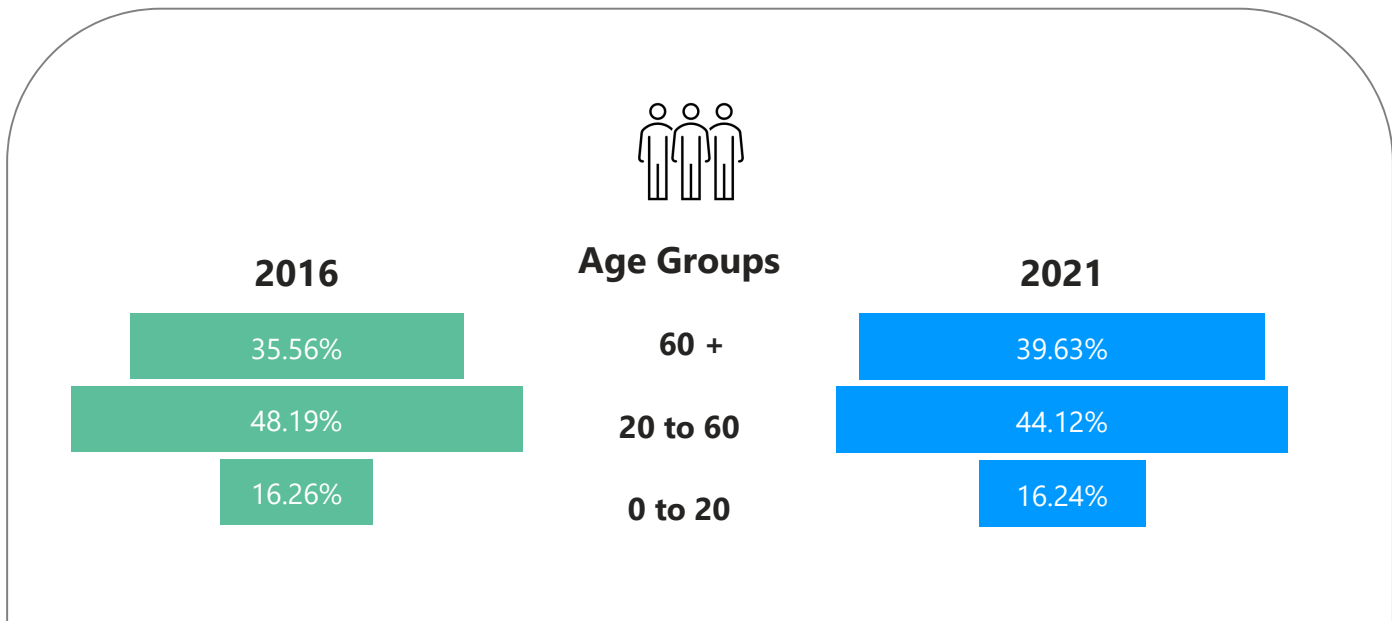


Figure 7 - Population by Age Group 2016 vs 2021. Source: Statistics Canada

Generational Groups

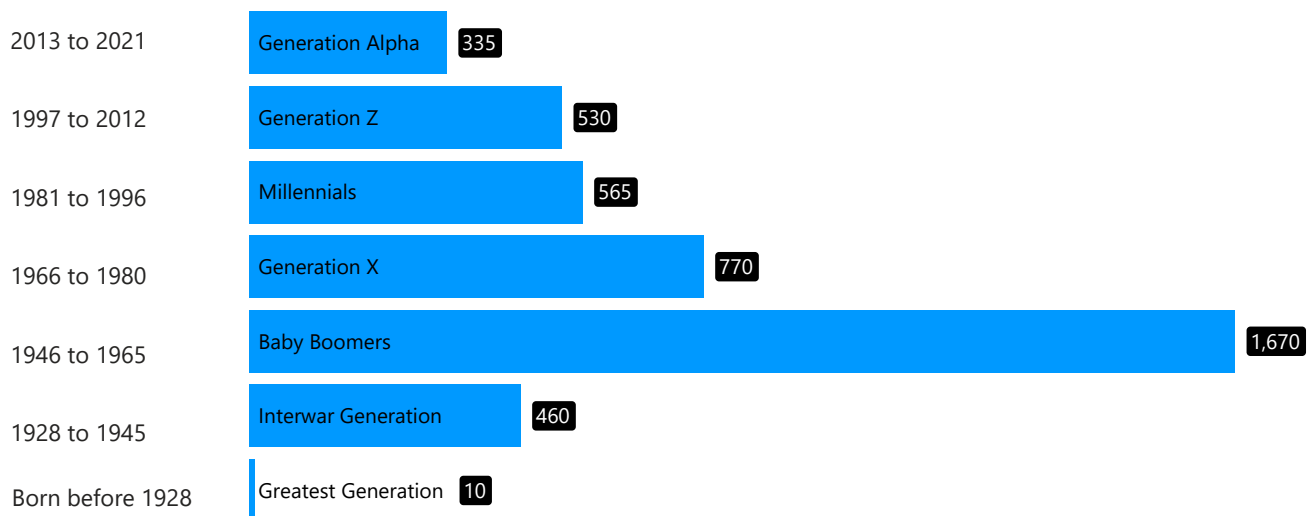


Figure 8 - Population by Generation for 2021 (rounded to nearest five). Source: Statistics Canada

Municipal Profile - Highlights

Population Outlook

Population Trend 2001 to 2021 (Actuals) and 2022 to 2024 (Estimates) Municipality of the District of Shelburne

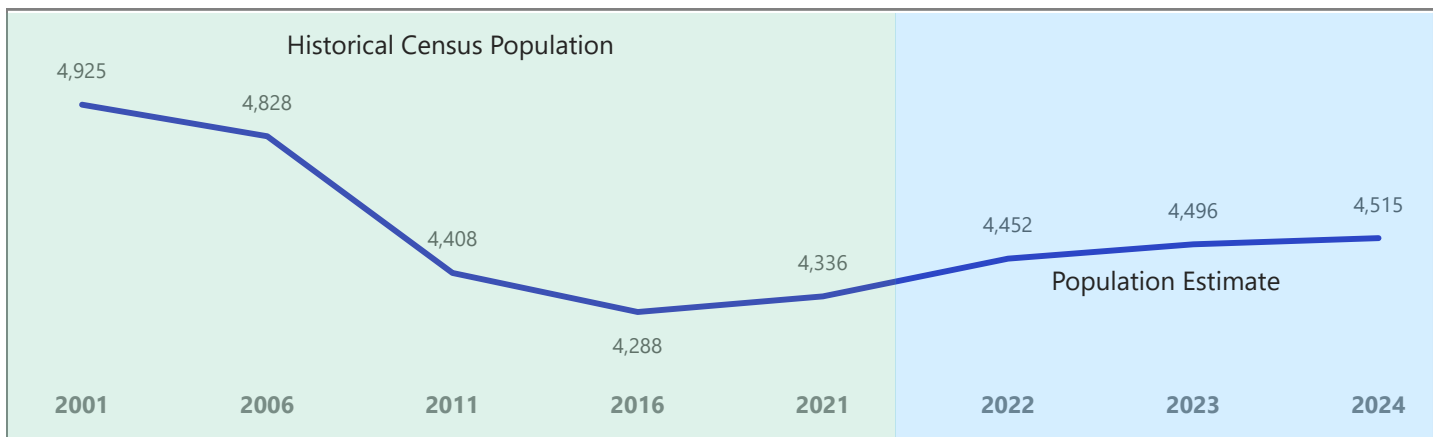


Figure 9 - Historical population from 2001 to 2021 is based on census data. Population estimates for 2022 to 2024 are based on the projections released January 16, 2025 Source: Statistics Canada

Population Trend 2001 to 2021 (Actuals) and 2022 to 2024 (Estimates) Nova Scotia

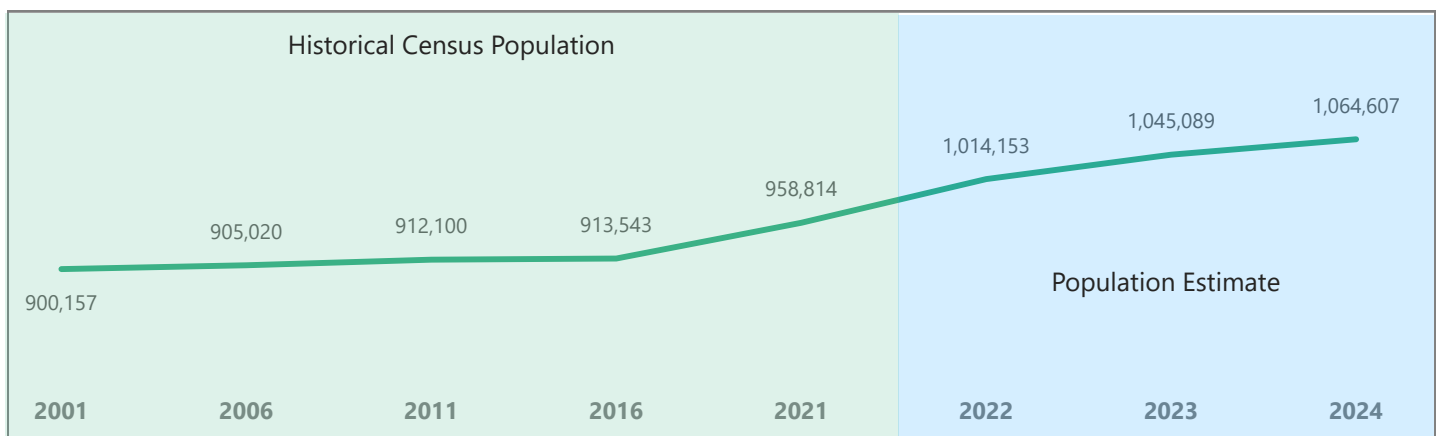


Figure 10 - Historical population from 2001 to 2021 is based on census data. Population estimates for 2022 to 2024 are based on the projections released January 16, 2025 Source: Statistics Canada

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.

	2016 Census	2021 Census	+/-	Provincial Average
Median household Income:	\$56,858	\$62,000	\$5,142	\$61,724
Employment rate:	48.2%	46.9%	-1.3%	46.2%
Education level:	44.6%	44.1%	-0.5%	50.5%

Figure 11 - 2021 Census; Source: Statistics Canada

Median household Income: Municipality of the District of Shelburne median household income increased since 2016.

Employment rate: The employment rate at the Municipality of the District of Shelburne decreased since 2016.

Education level: The education level at the Municipality of the District of Shelburne decreased 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): 17.3% Growth is keeping pace with the cost of living

Reliance on a Single Business or Institution: 0.8% Not dependent (Low Risk)

Residential Tax Effort: 2.7% 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.

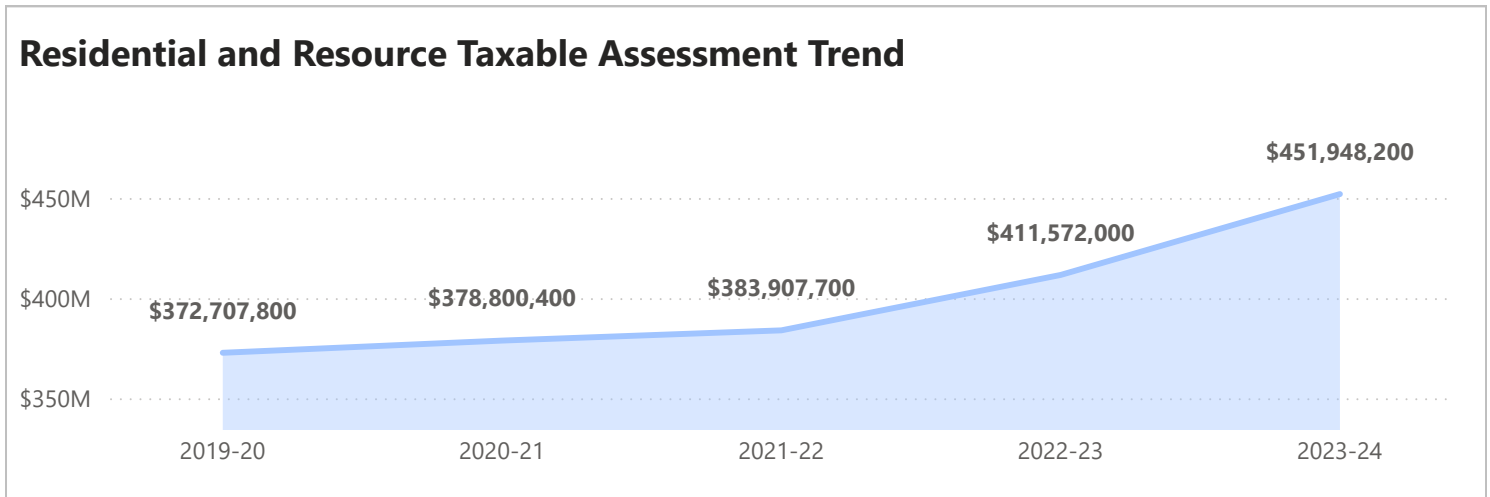


Figure 12 - Residential taxable assessment over the last five years. Source: 2019-20 to 2023-24 Statement of Estimates - Assessment

Commercial Taxable Assessment Trend

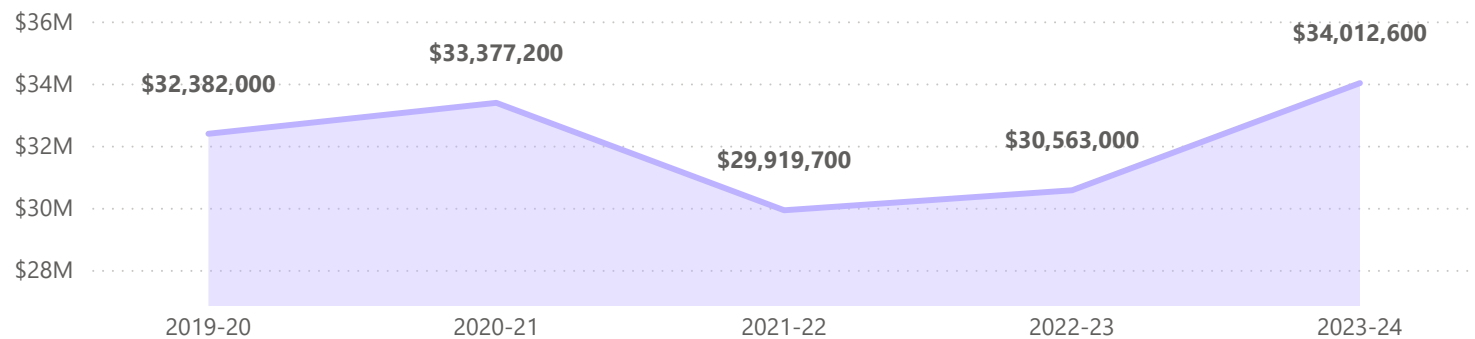


Figure 13 - Commercial taxable assessment over the last five years. Source: 2019-20 to 2023-24 Statement of Estimates - Assessment

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:
 - N/A

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) | No |
| ◦ Statement of Estimates - Assessment (SOE-A) | Yes |
| ◦ Statement of Estimates - Budget (SOE-B) | Yes |
| ◦ Management Letter/Internal Control Letter | Yes |
| ◦ Summary Report of Expenses | No |
| ◦ Summary Report of Hospitality Expenses | No |

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 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:	\$8.0 Million
Revenue generated from own source revenue*:	\$7.6 Million
Total general operating revenue:	\$7.5 Million
Largest general operating revenue:	73% Net property taxes and payments in lieu of taxes

Expenses

Total consolidated expenses**:	\$7.5 Million
Total general operating expenses:	\$7.0 Million
Largest general operating expense:	30% General government services

Annual Surplus

Annual consolidated surplus (deficit):	\$466.5 Thousand
Consolidated accumulated surplus (deficit):	\$14.0 Million
Annual general operating surplus (deficit):	\$482.5 Thousand

Debt

Total consolidated long-term debt:	\$3.1 Million
Total general capital fund long-term debt:	\$3.1 Million
General operating fund bank indebtedness:	\$0

* Total consolidated revenue excluding government transfers

** Net of extraordinary and special revenue item(s)

Revenue

\$8.0M

2023-24 Consolidated Revenue

Total consolidated revenue: \$8.0 Million

Largest revenue: \$5.4 Million Net property taxes and payments in lieu of taxes

Revenue generated from own source revenue: 94.83%

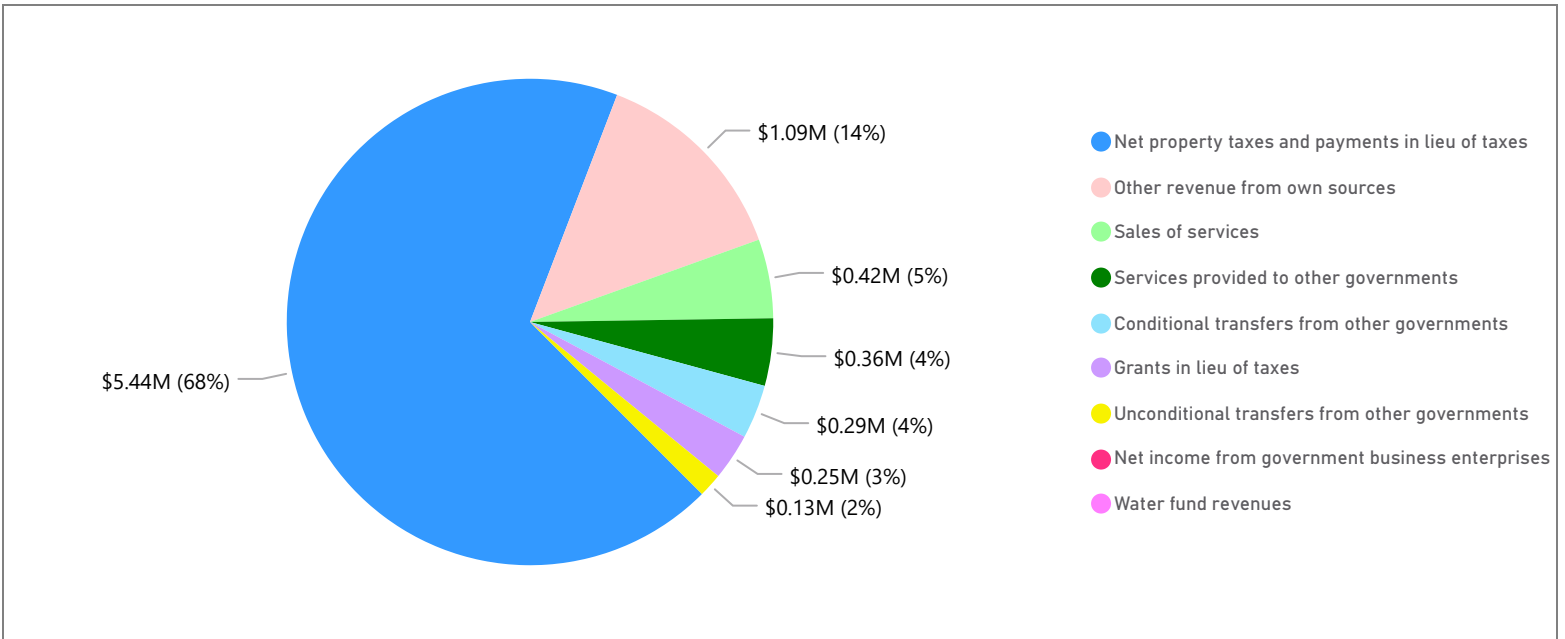
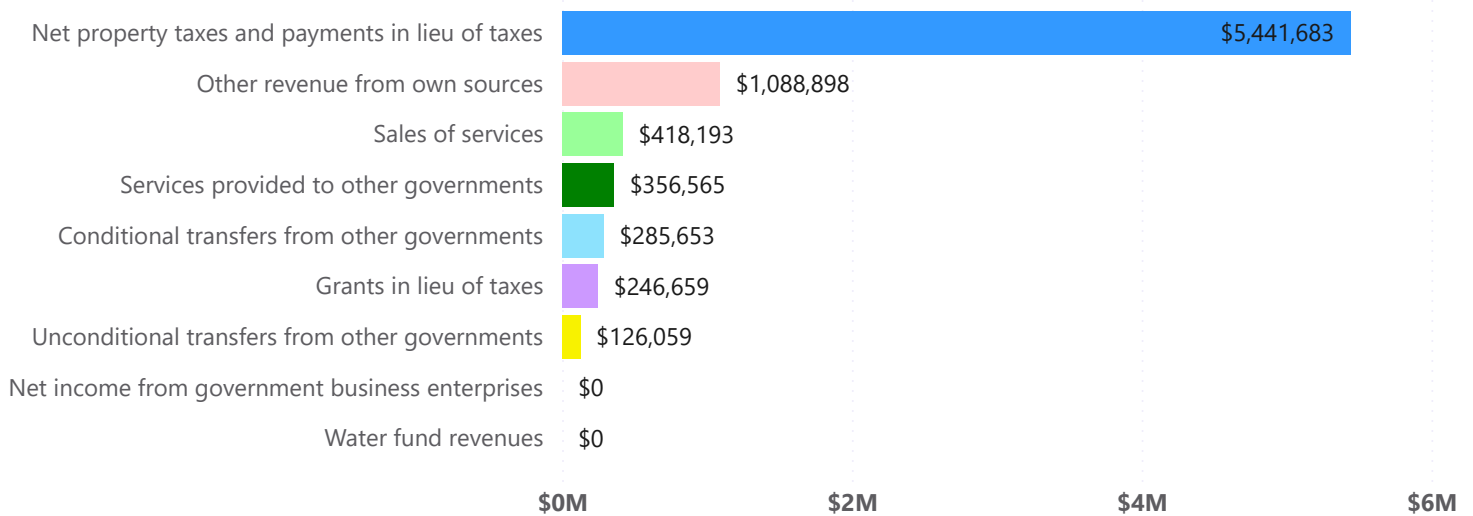


Figure 14 - Consolidated Revenue Source: 2023-24 Financial Information Return

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

Consolidated Revenue



Revenue

\$7.5M

2023-24 General Operating Revenue

Total general operating revenue:	\$7.5 Million
Largest general operating revenue:	73% Net property taxes and payments in lieu of taxes
Uncollected Taxes Financial Condition Indicator (FCI):	1.5%
Reliance on Government Transfers (FCI):	1.1%

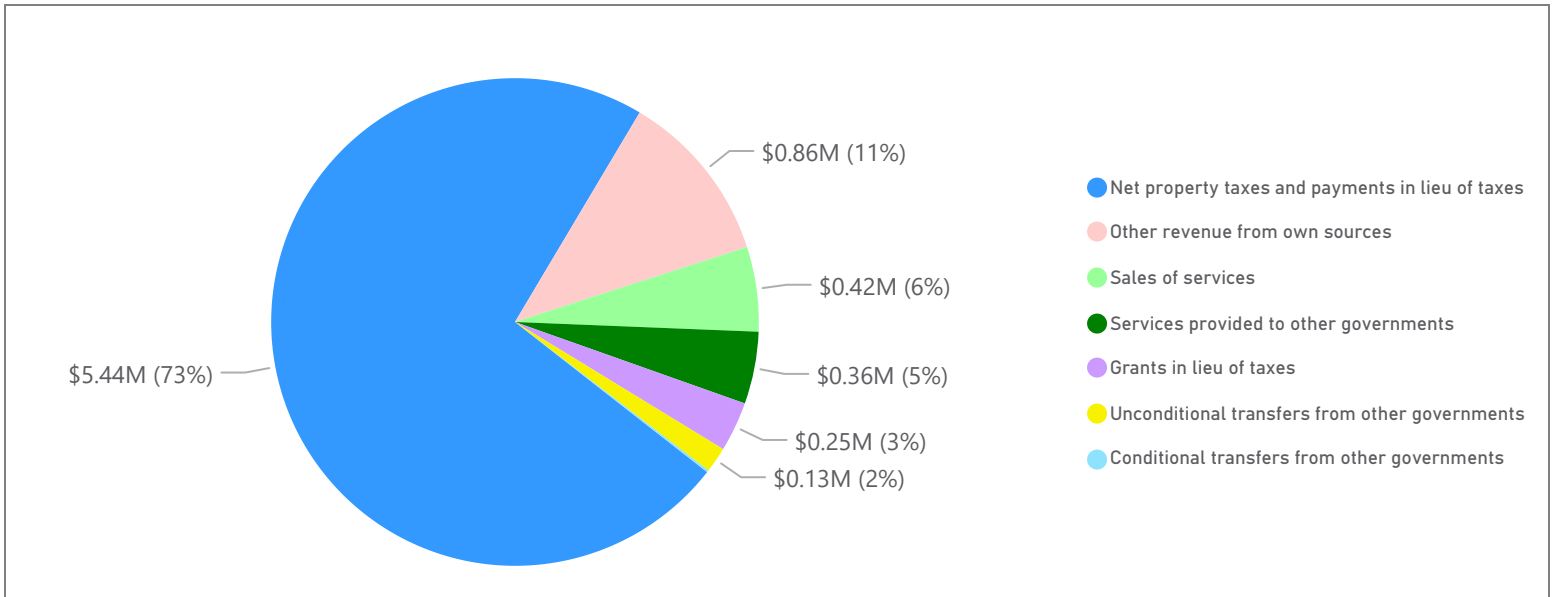
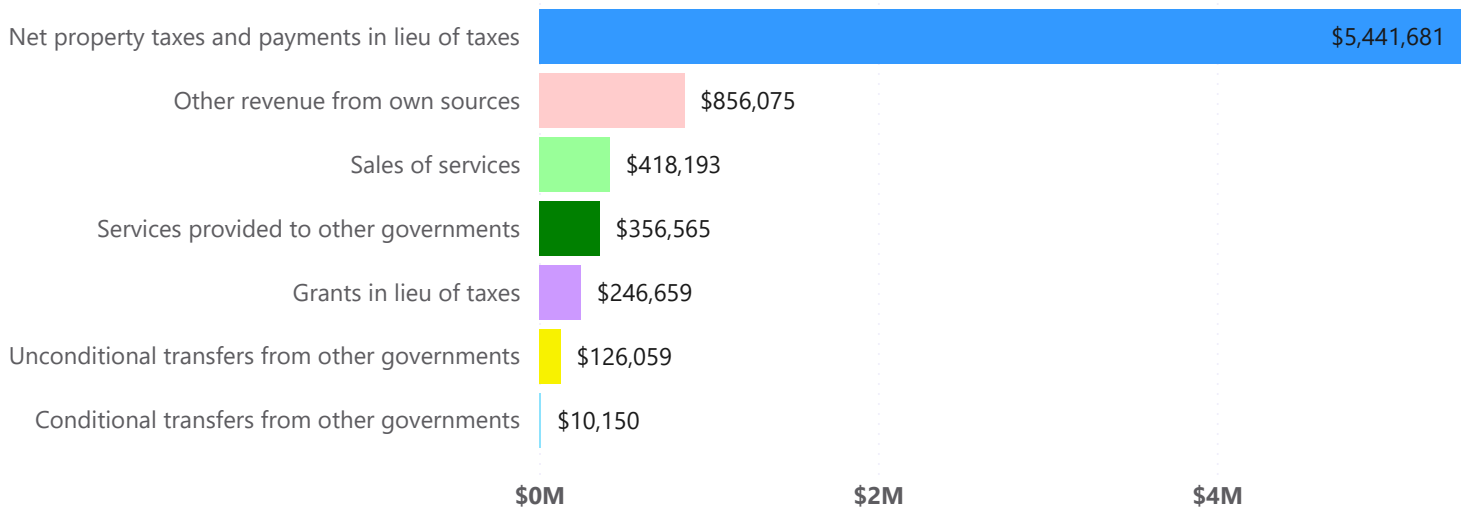


Figure 15 - General Operating Fund Revenue: 2023-24 Financial Information Return

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

General Operating Revenue



Expenses

\$7.5M

2023-24 Consolidated Expenses

Total consolidated expenses: \$7.5 Million
 Largest expense: 32% General government services

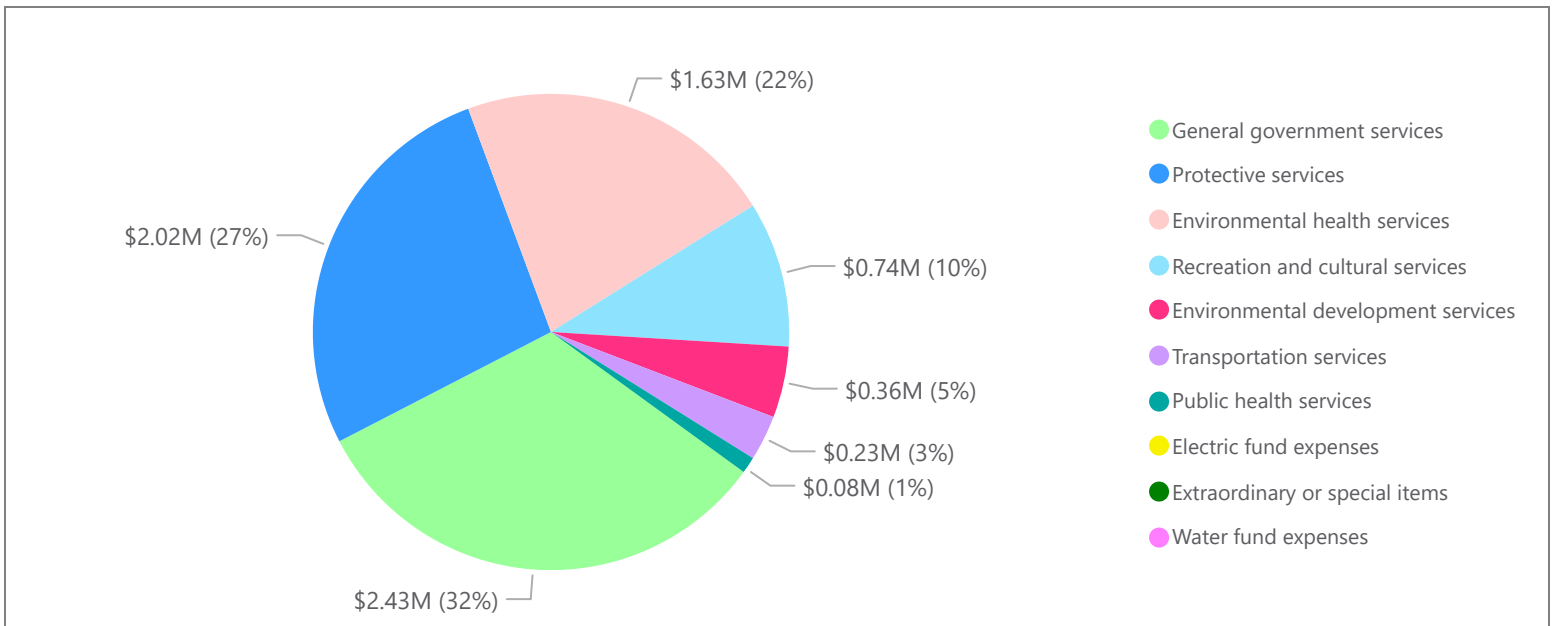
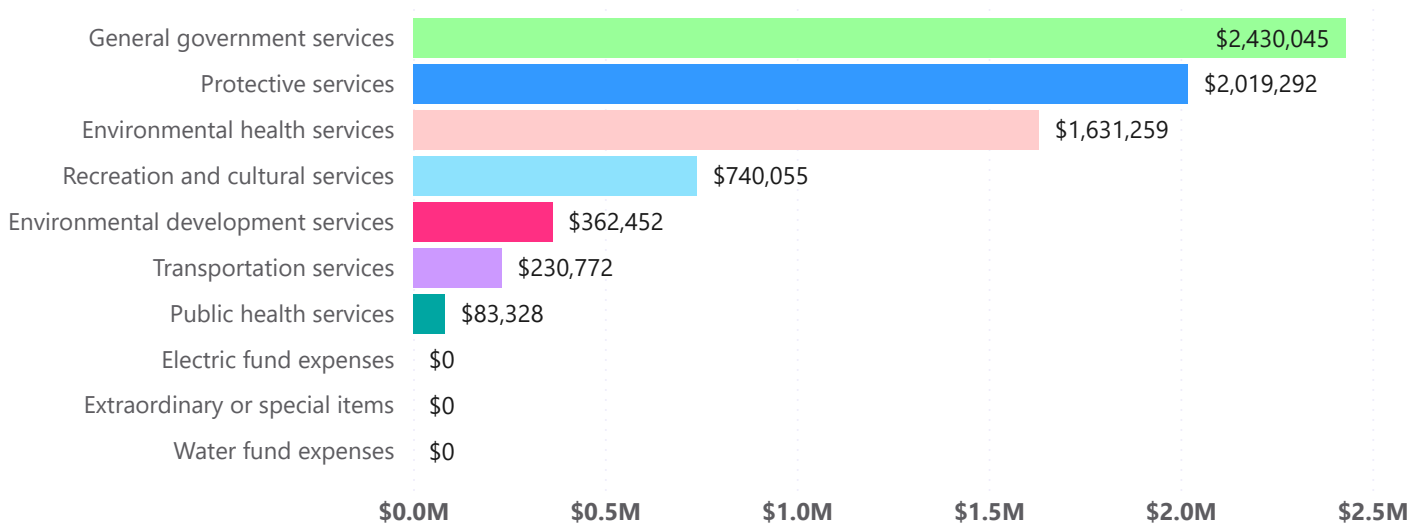


Figure 16 - Consolidated Expenses Source: 2023-24 Financial Information Return

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

Consolidated Expenses



Expenses

\$7.0M

2023-24 General Operating Expense

Total general operating expenses: \$7.0 Million

Largest general operating expense: 30% General government services

General operating reserves as a percentage of total general operating expenses: 67.4%

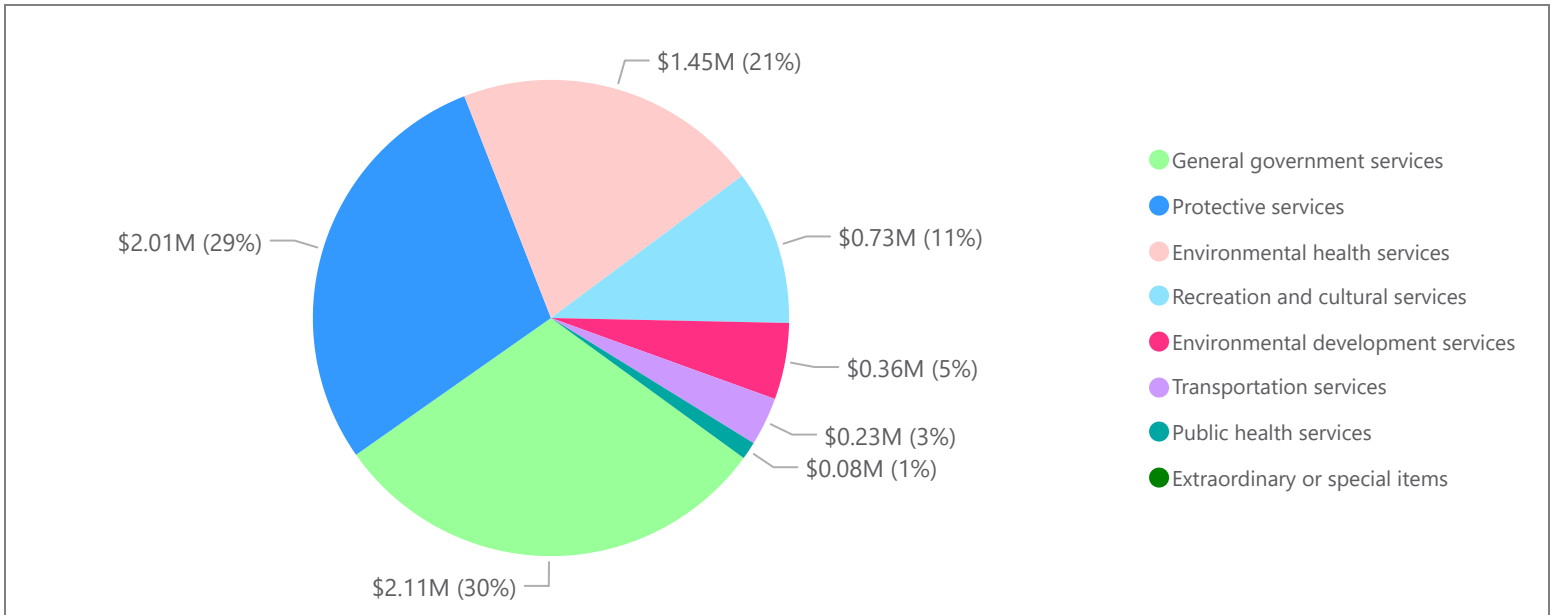
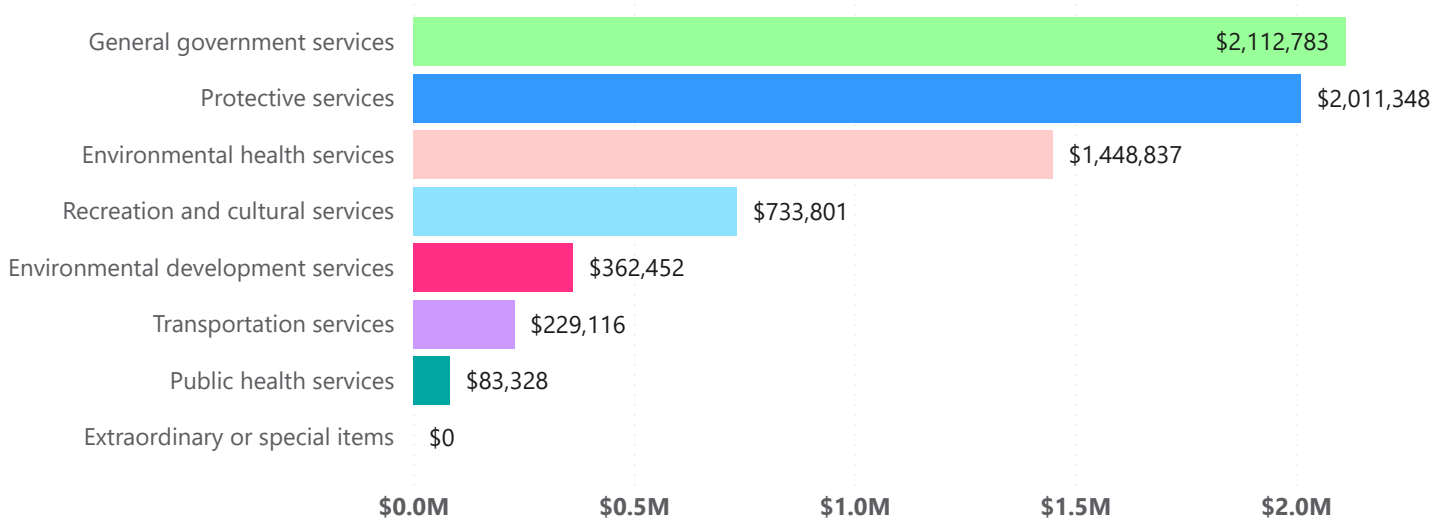


Figure 17 - General Operating Fund Expenses: 2023-24 Financial Information Return

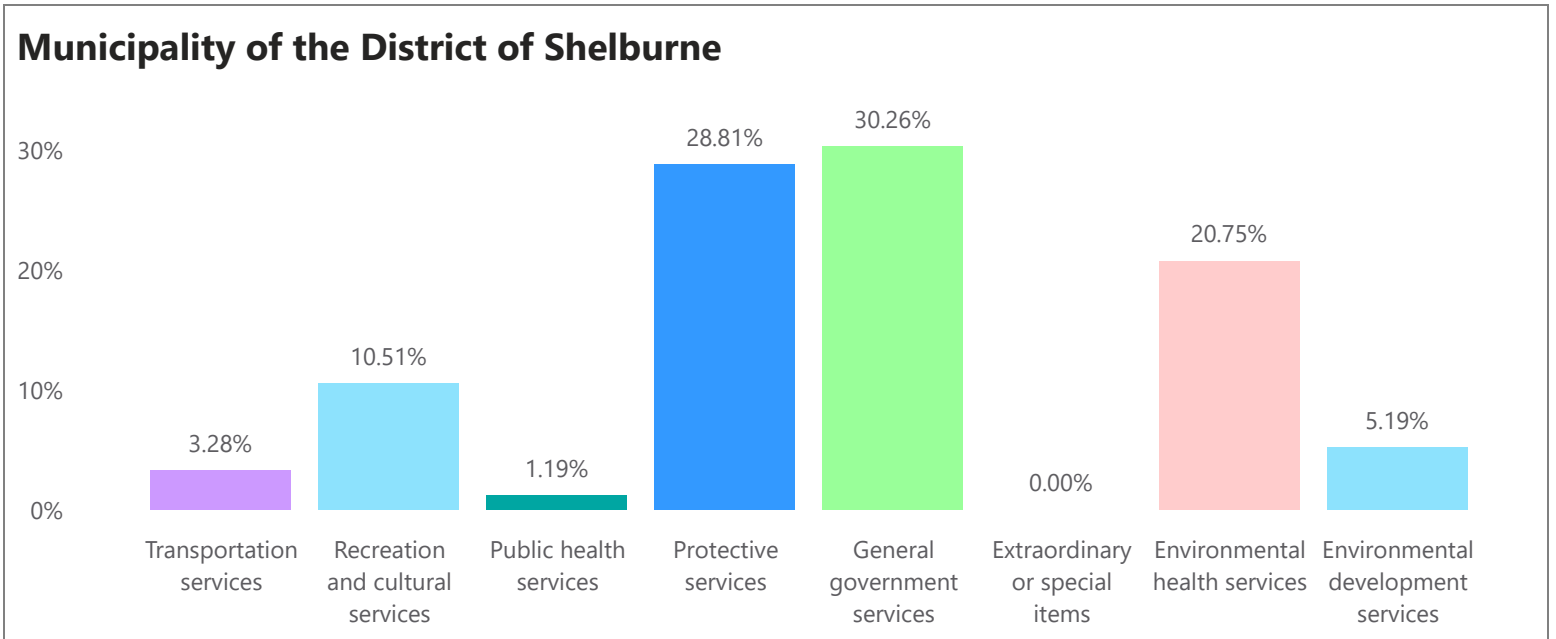
The graph above and table below show the Municipality's general operating fund expenses divided into categories.

General Operating Expenses

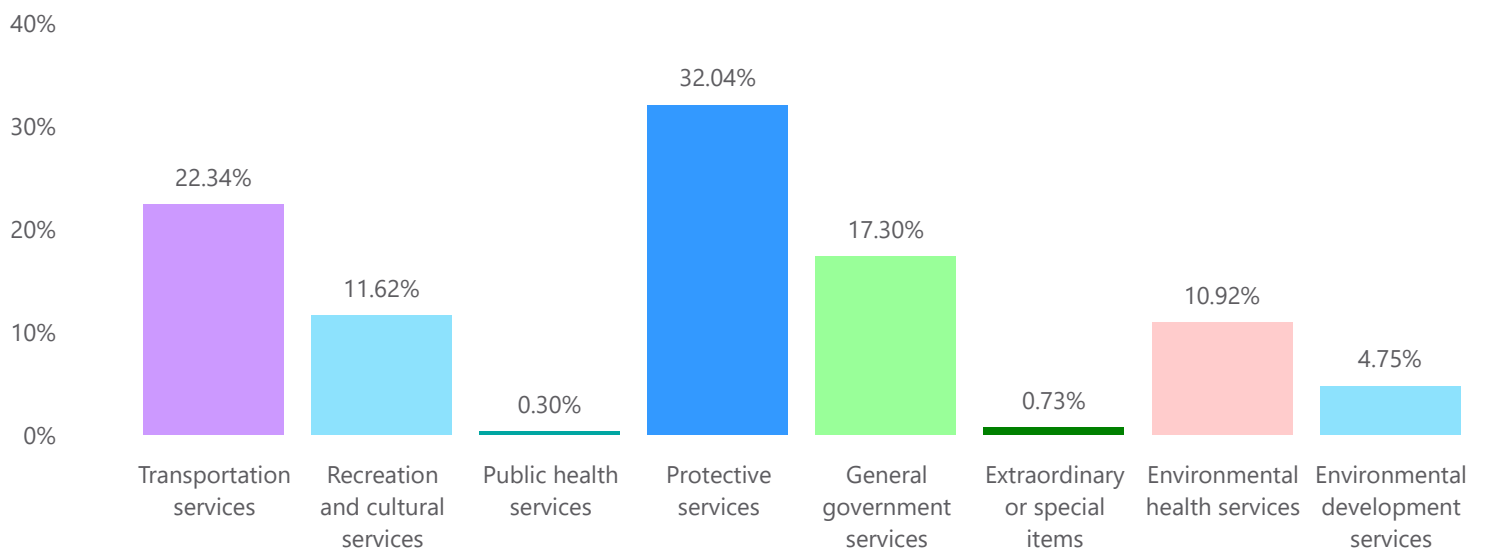


2023-24 General Operating Expenses Comparison to the Provincial Average

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 18 - Comparison of General Operating Fund Expenses to Provincial Average. Source: 2023-24 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): \$466.5 Thousand

Consolidated accumulated surplus (deficit): \$14.0 Million

Annual general operating surplus (deficit): \$482.5 Thousand

Number of Deficits in the Last 5 Years Financial Condition Indicator (FCI): 0

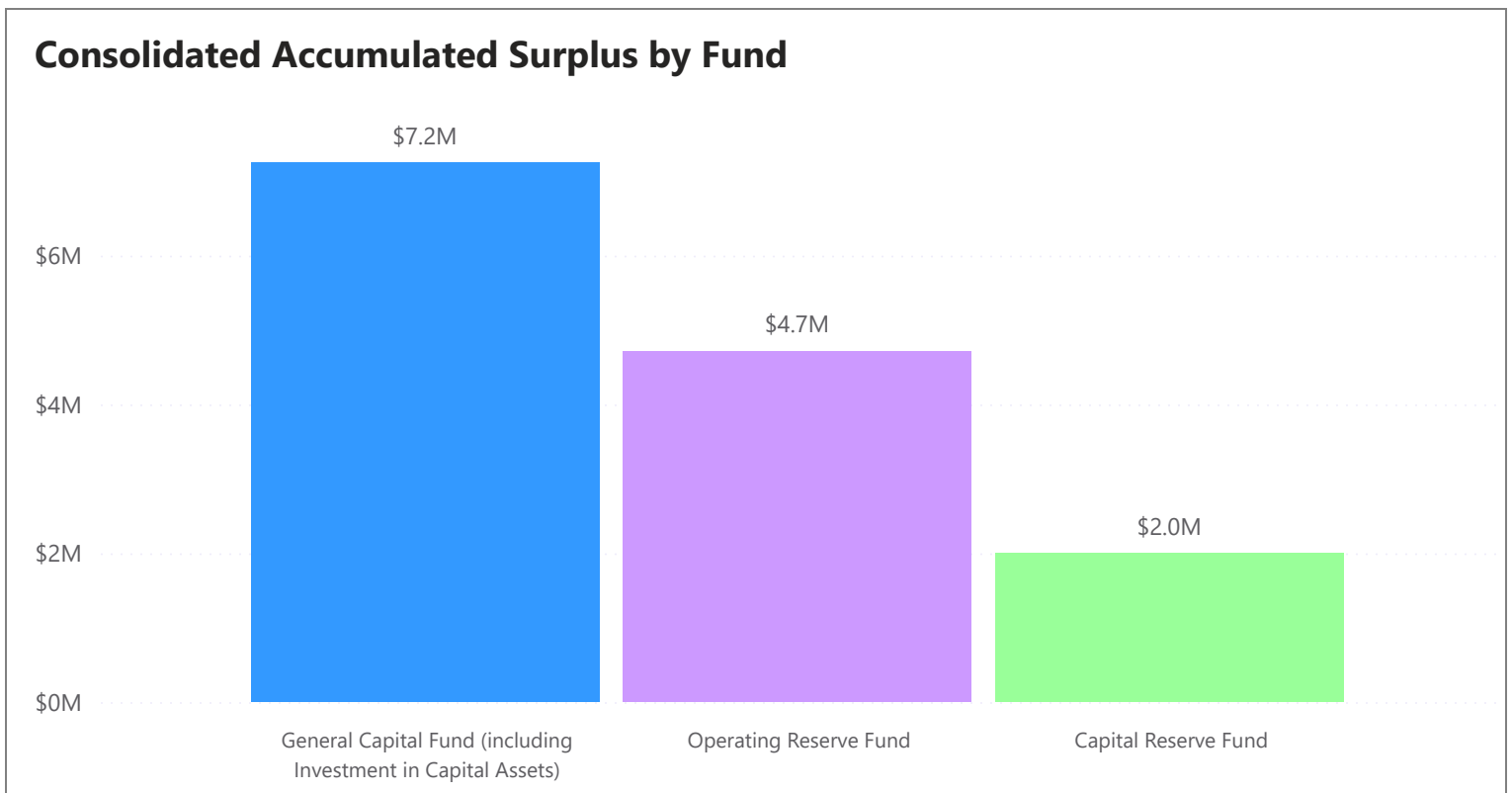


Figure 19 - Consolidated Accumulated Surplus by Fund. Source: 2023-24 Financial Information Return

Debt

Total consolidated long-term debt:	\$3.1 Million
Total general capital fund long-term debt:	\$3.1 Million
Debt Service Financial Condition Indicator (FCI):	1.1%
Operating fund bank indebtedness:	\$0
Outstanding Operating Debt FCI (as a percentage of Net Property Taxes/Payment in Lieu of Taxes, Grants in Lieu of Taxes and Government Transfers):	0.6%

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.

Overall Assessment

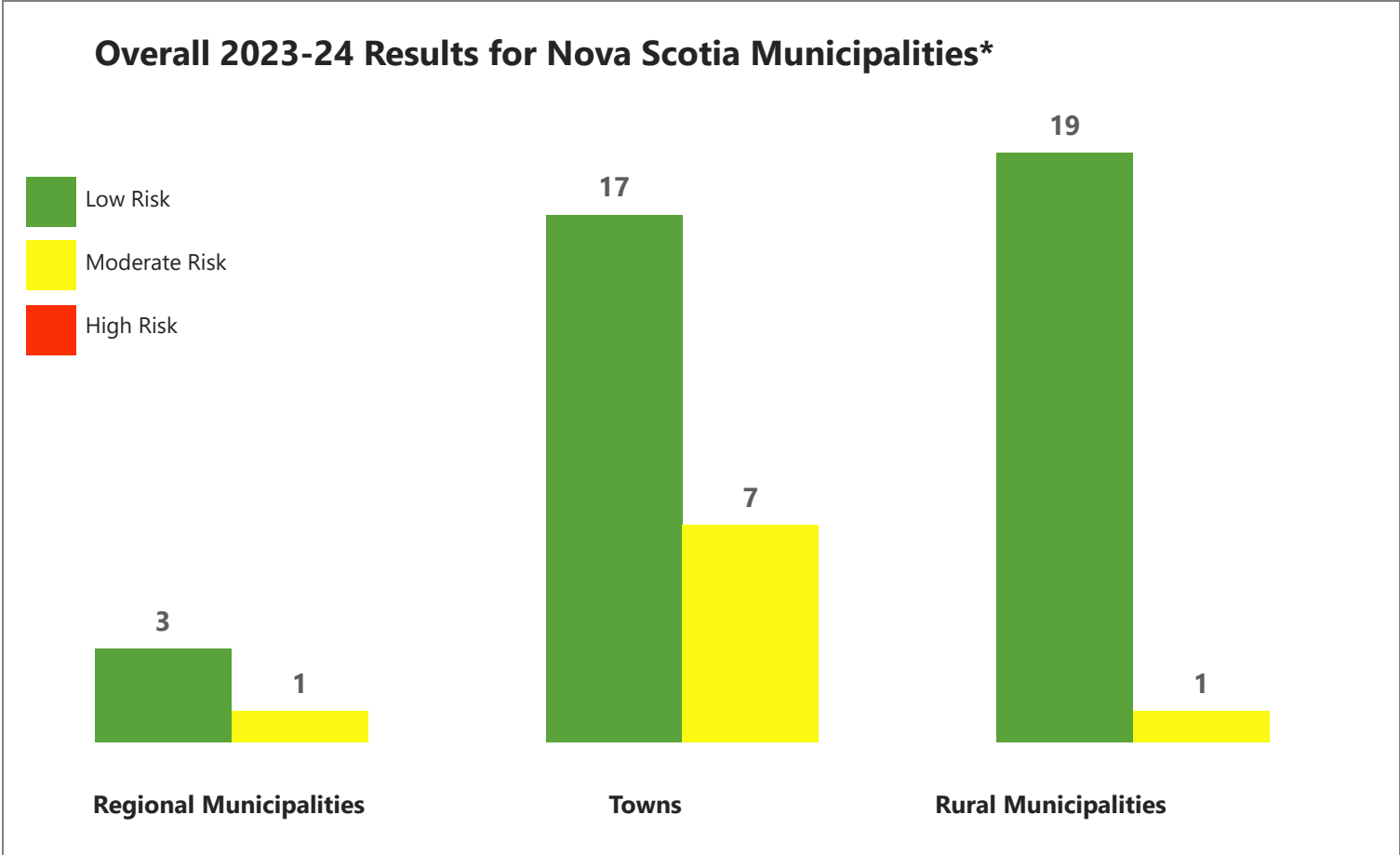
Overall Assessment for: Municipality of the District of Shelburne

Financial Condition: Low Risk

The overall Financial Conditions Index assessment for the Municipality of the District of Shelburne 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 2023-24

Overall Assessment

Green (Low Risk)

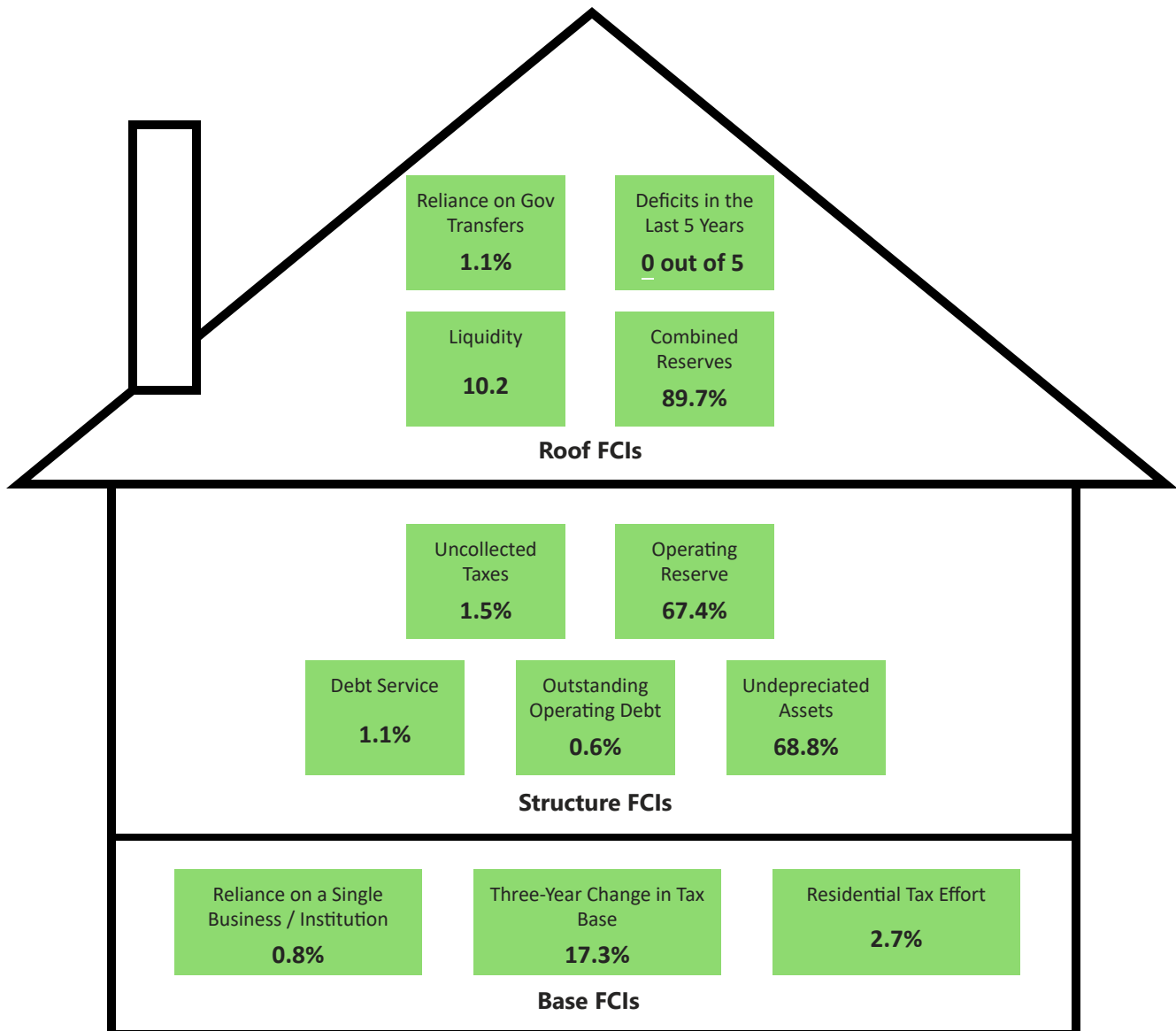
The overall Financial Conditions Index assessment for the Municipality of the District of Shelburne is Green (Low Risk).

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 District of Shelburne's FCIs are comprised of:

- Low Risk (green): 12 Indicators
- Moderate Risk (yellow): 0 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	2022-23	2023-24	+/-
Reliance on a Single Business or Institution	0.9%	0.8%	-0.1%
Three-Year change in Tax Base*	9.3%	17.3%	8.0%
Residential Tax Effort	2.4%	2.7%	0.3%
STRUCTURE	2022-23	2023-24	+/-
Uncollected Taxes	2.9%	1.5%	-1.4%
Operating Reserve	66.6%	67.4%	0.8%
Debt Service	0.0%	1.1%	1.1%
Outstanding Operating Debt	29.7%	0.6%	-29.1%
Undepreciated Assets	67.5%	68.8%	1.3%
ROOF	2022-23	2023-24	+/-
Reliance on Government Transfers	1.3%	1.1%	-0.2%
Number of Deficits in the Last 5 Years	0	0	0
Liquidity	2.3	10.2	7.9
Combined Reserves	86.8%	89.7%	2.9%

*For 3-year Change in Tax Base, CPI change for 2022-23 was 13.3% and for 2023-24 was 16.7%.

Base FCI Indicator - Municipal Revenue Dimension

Reliance on a Single Business or Institution

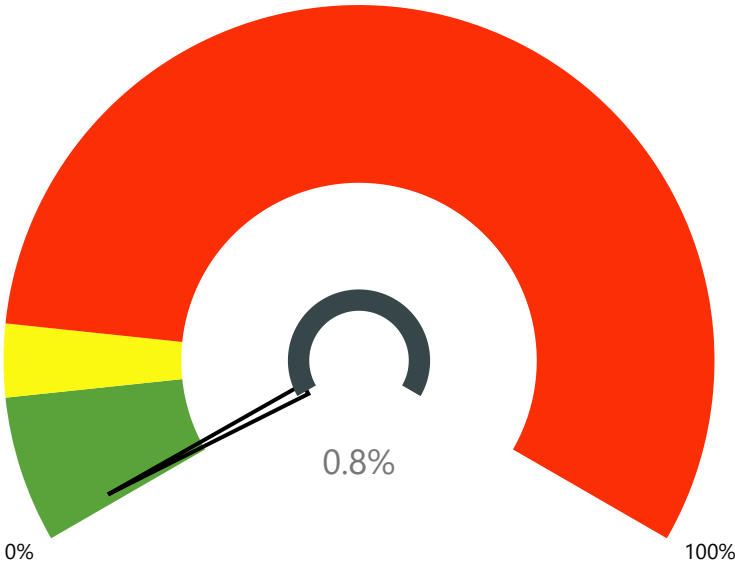
2023-24 Results: **Low Risk 0.8 %**

The largest single commercial or institutional account is 0.8 % 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:
$$\frac{\text{Taxable assessment value of the largest business or institution}}{\text{Uniform assessment}} = 0.8\%$$

- 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

2023-24 Results: **Low Risk 17.3 %**

What does it mean? Growth is above the CPI % change of 13.3%.
The Municipality's tax base is in a strong position to cover the cost of municipal services and programs.

Calculation:
$$\frac{\text{Current uniform assessment} - \text{Uniform assessment 3 years prior}}{\text{Uniform assessment 3 years prior}} = 17.3\%$$

- Risk Thresholds:
- Low: Equal or above CPI % change (Three Year CPI 2023-24: 16.7 %)
 - Moderate: Below CPI % change, but not negative growth
 - High: Negative growth

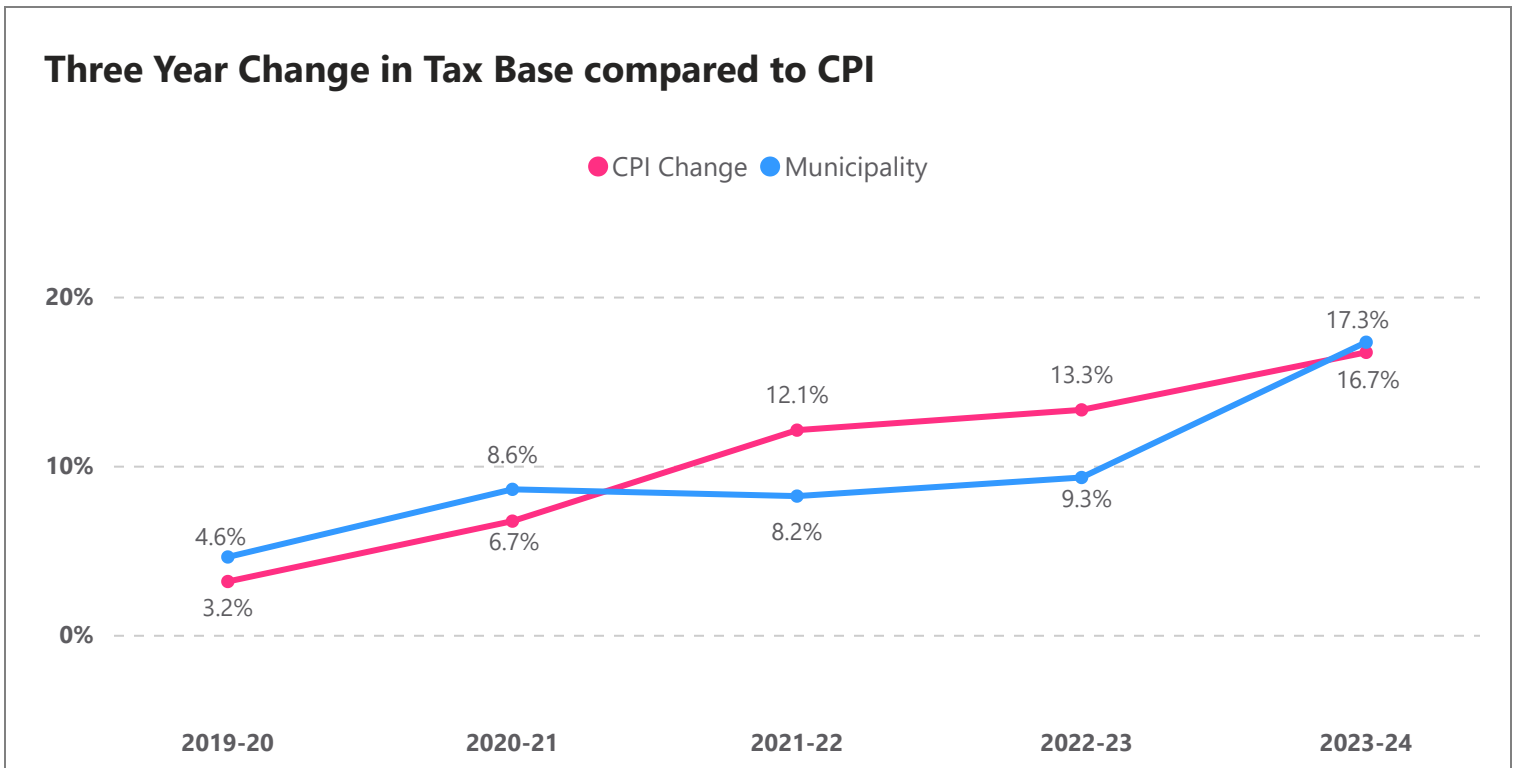


Figure 20 - Three-year change in Uniform Assessment in comparison to three-year change in CPI for the last 5 years.
Source: Statement of Estimates-Assessment and Statistics Canada

Base FCI Indicator - Municipal Revenue Dimension

Residential Tax Effort

2023-24 Results: **Low Risk 2.7 %**

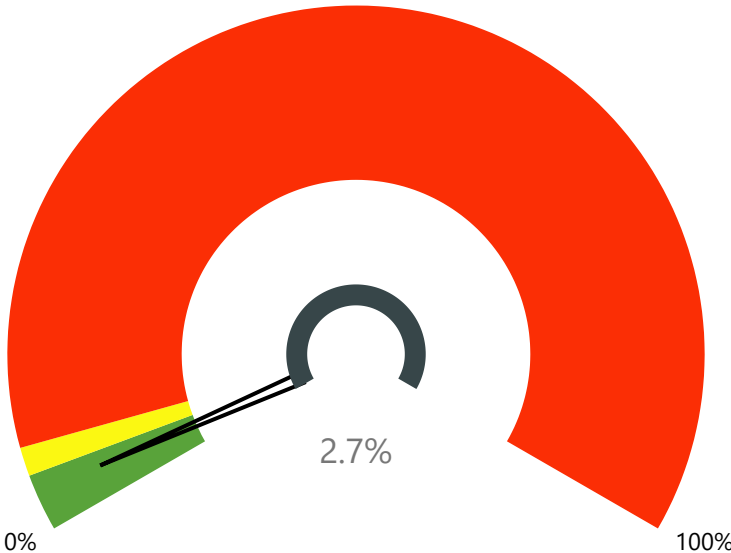
2.7 % of median household income is required to pay the average tax bill.

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:
$$\frac{\text{Total residential tax revenue per dwelling unit}}{\text{Median household income}} = 2.7\%$$

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



Structure (Management) FCI Indicator - Municipal Management Dimension

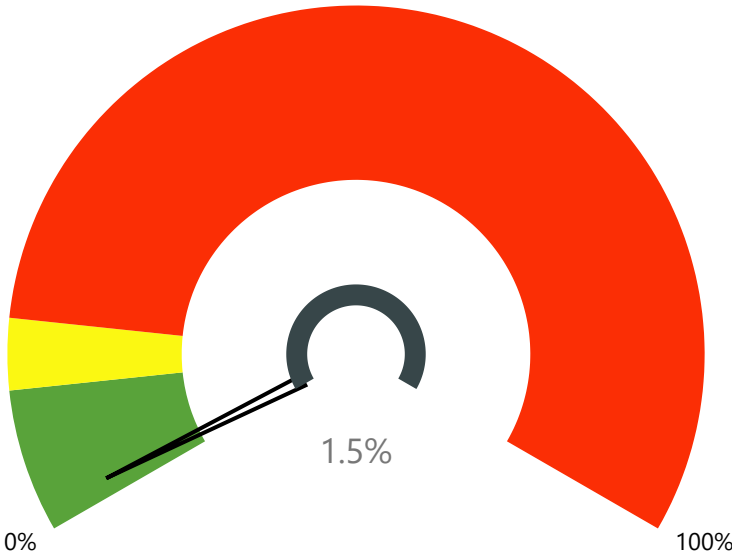
Uncollected Taxes

2023-24 Results: **Low Risk 1.5 %**

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

Calculation:
$$\frac{\text{Total cumulative uncollected taxes}}{\text{Total taxes billed in current fiscal year}} = 1.5\%$$

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



Structure (Management) FCI Indicator - Municipal Management Dimension

Operating Reserve

2023-24 Results: **Low Risk 67.4 %**

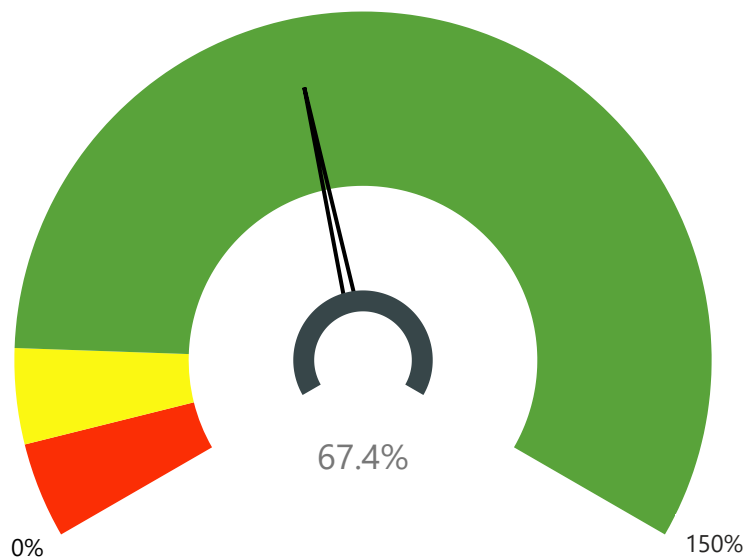
What does it mean? The Municipality is setting aside sufficient funds to help mitigate any unforeseen risks or future needs.

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

Calculation:

$$\frac{\text{Total operating reserve fund balance}}{\text{Total operating expenditures}} = 67.4\%$$

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



Structure (Management) FCI Indicator - Municipal Management Dimension

Debt Service

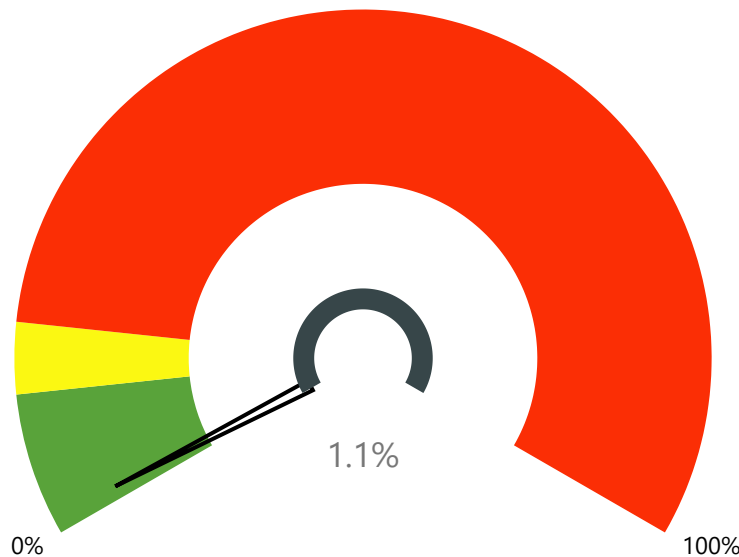
2023-24 Results: **Low Risk 1.1 %**

1.1% 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:
$$\frac{\text{Principal and interest paid on long-term debt}}{\text{Total own source operating revenue}} = 1.1\%$$

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



Structure (Management) FCI Indicator - Municipal Management Dimension

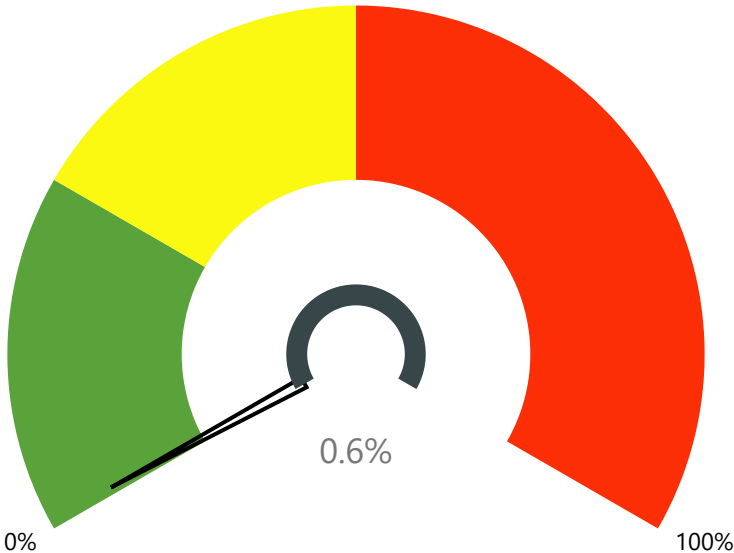
Outstanding Operating Debt

2023-24 Results: **Low Risk 0.6 %**

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

Calculation:
$$\frac{\text{Total outstanding operating debt}}{\text{Total own source operating revenue}} = 0.6\%$$

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



Structure (Management) FCI Indicator - Municipal Management Dimension

Undepreciated Assets

2023-24 Results: **Low Risk 68.8 %**

What does it mean?

This indicator estimates that the Municipality's capital assets have 68.8 % of their useful life remaining

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

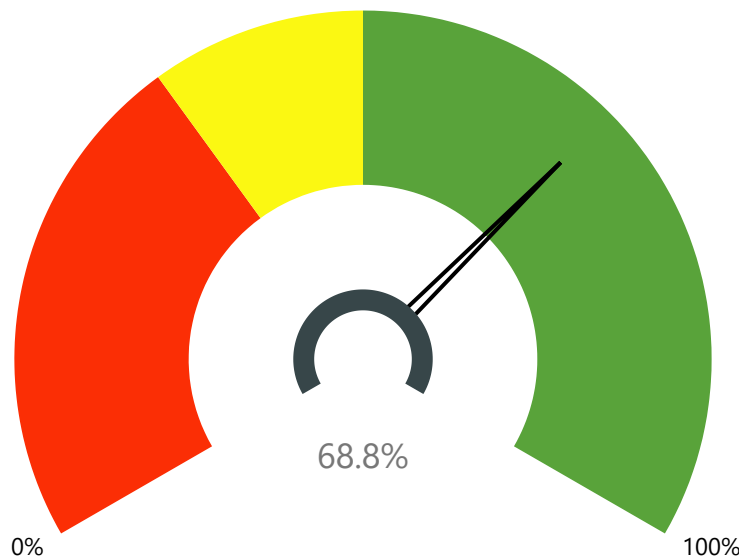
While this indicator provides an estimate of the useful life left in the Municipality/Town's recorded capital assets, it does not necessarily indicate the condition of those assets. For instance, some older assets could still be in good working condition, while the opposite could also be true.

Calculation:

$$\frac{\text{Total net book value of capital assets}}{\text{Gross costs of capital assets}} = 68.8\%$$

Risk Thresholds:

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



Roof (Key Performance) FCI Indicator - Overall Assessment Dimension

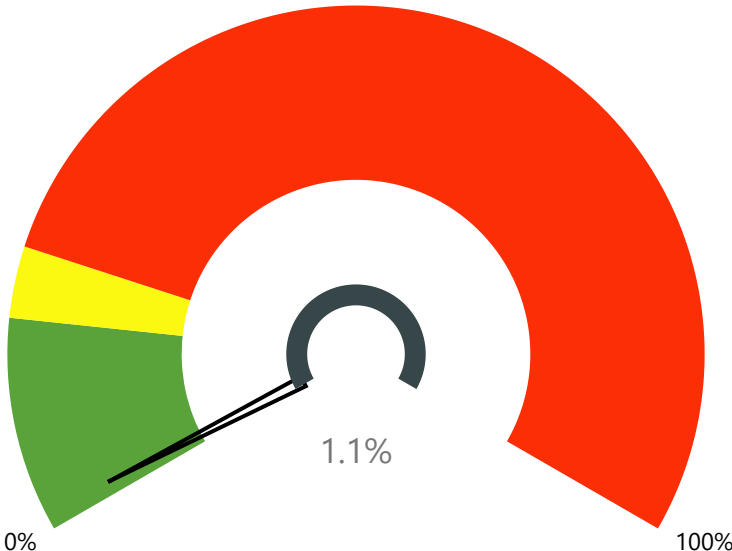
Reliance on Government Transfers

2023-24 Results: **Low Risk 1.1 %**

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

Calculation:
$$\frac{\text{Total government transfers}}{\text{Total revenue}} = 1.1\%$$

- 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

2023-24 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)

Surplus/(Deficit) for the last 5 Years

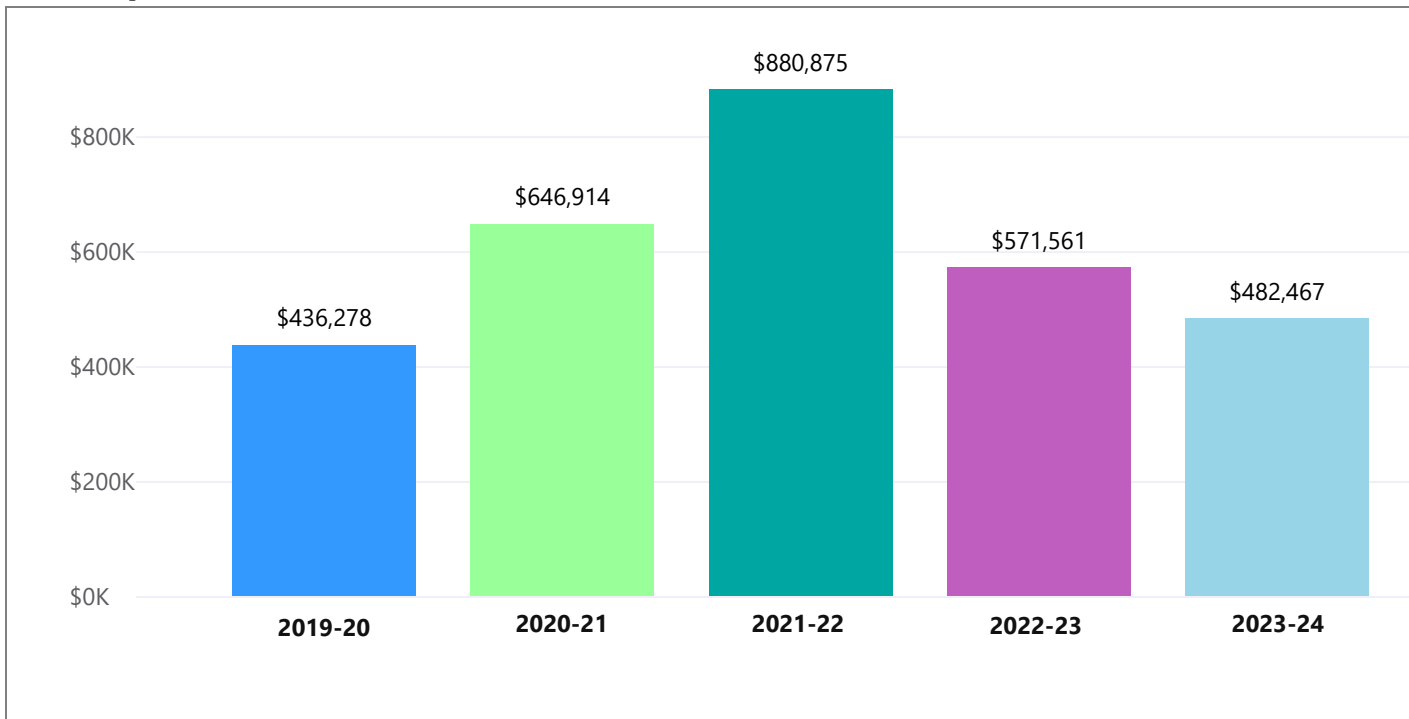


Figure 21 - Annual operating fund surplus (deficit) for the last 5 years. Source: Financial Information Return

Roof (Key Performance) FCI Indicator - Overall Assessment Dimension

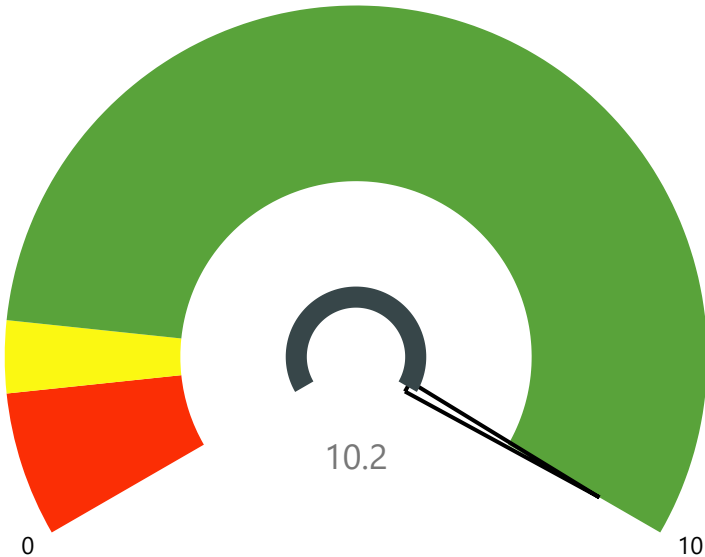
Liquidity

2023-24 Results: **Low Risk 10.2**

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:
$$\frac{\text{Total current financial assets}}{\text{Total current liabilities}} = 10.2$$

- 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

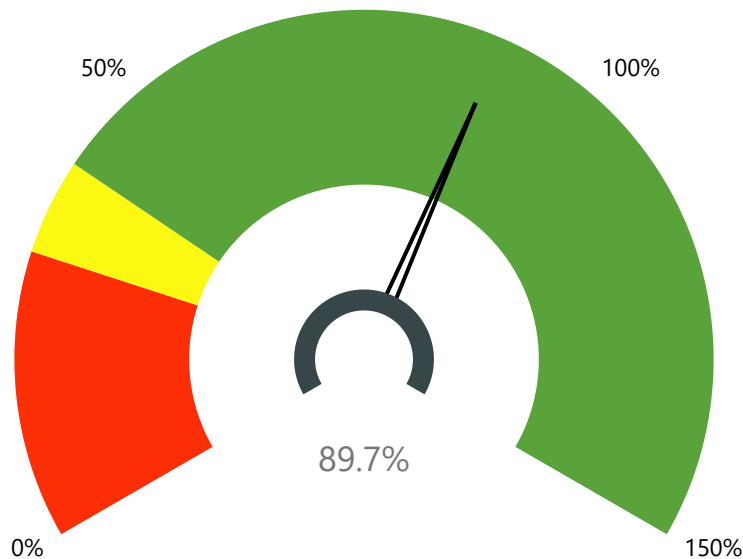
2023-24 Results: **Low Risk 89.7 %**

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:
$$\frac{\text{Total operating and capital reserves}}{\text{Total operating expenses plus amortization expense}} = 89.7\%$$

- 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 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 municipalityofshelburne.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

For more information, for support in action plan development, or to obtain a guide on action plan development: municipalfinance@novascotia.ca.



**Audit Committee
Report to Council
2025/2026**

Last Updated:
December 18, 2025

Meeting Date:

Discussion and Action Items

Thursday, July 3, 2025

Review of 2024/2025 Audit:

Presentation by Gloria Banks & Victoria Ells

FCI 2021/2022:

Presentation by Michelle Williams

Review of 2024/2025 Council & Hospitality Expense Reports Including Policies:

Presentation by Michelle Williams

Financial Update - July 2025:

Presentation by Michelle Williams

Year to Date Audit Committee Report to Council:

Presentation by Warden Penny Smith, Chair

Wednesday, January 14, 2026

Election of Officers:

Lead by Erin Hartley

Review of Terms and Reference:

Presentation by Erin Hartley

Auditors Plan March 31, 2026:

Presentation by Gloria Banks

FCI 2023/24:

Presentation by Michelle Williams

Financial Update - January 2026:

Presented by Management Team at the January 28, 2026, Council Meeting

Year to Date Audit Committee Report to Council:

Presentation by Warden Penny Smith