



# Municipal Report

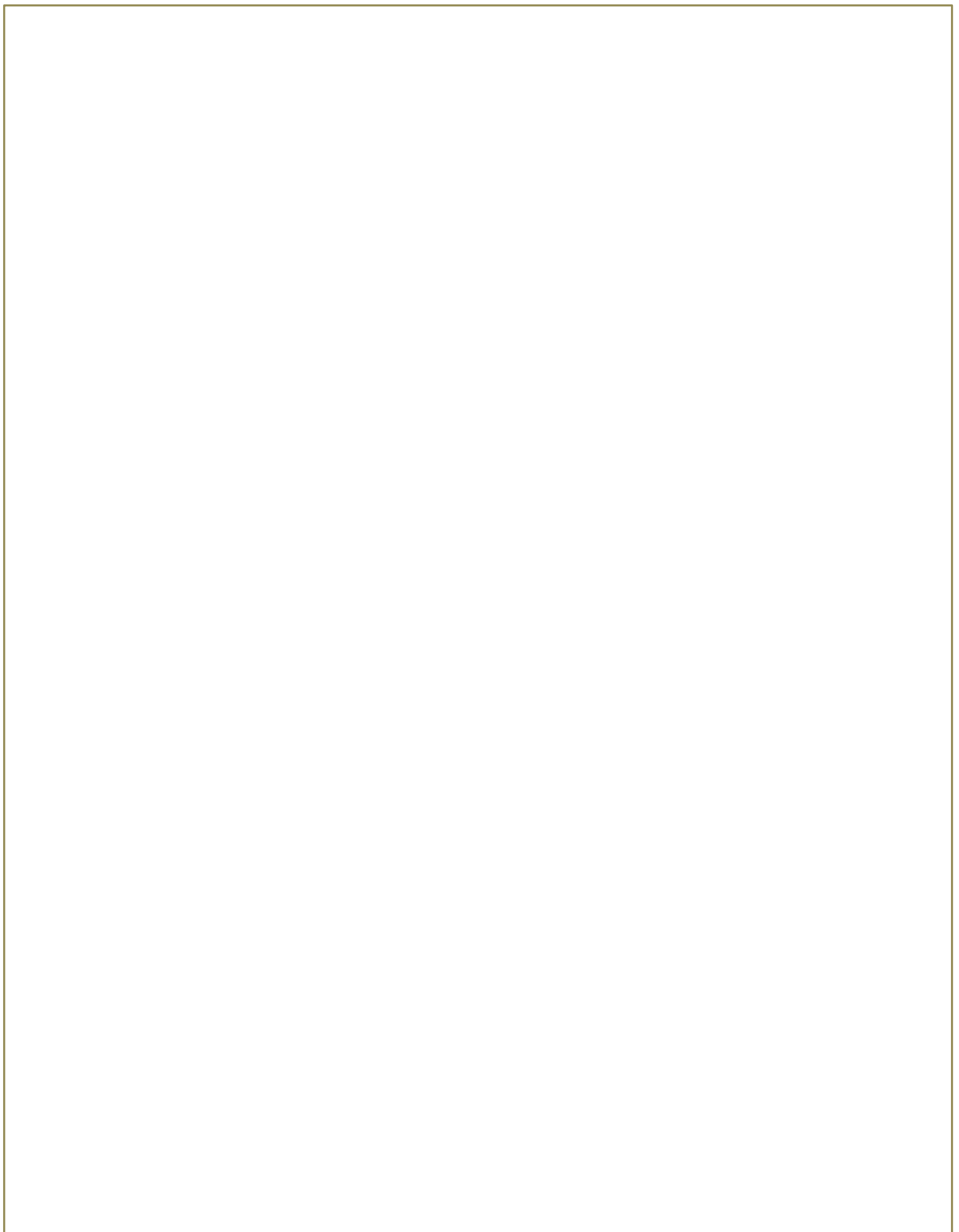
**Town of Lockeport**

**Department of Municipal Affairs  
and Housing**

Municipal Profile and  
Financial Condition Indicators Results

2020-21

  
**NOVA SCOTIA**



# Municipal Profile and Financial Condition Indicators Report

2020-2021 Fiscal Period

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## Introduction

The Department of Municipal Affairs and Housing compiles municipal indicators on behalf of the Nova Scotia Government and 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

Name: Town of Lockeport  
County: Shelburne County  
Approximate size: 2 km<sup>2</sup>  
Number of dwellings: 330  
Government: 5 elected councillors (including the Mayor)



Figure 1- Location of Municipality

## Population Highlights

Population 2016: 530  
Population 5-year trend: -9.9%  
County 5-year trend: -3.7%  
Demographic trend: Aging

Up to 19 Yrs.	15%
20 to 59 Yrs.	42%
Over 60 Yrs.	43%

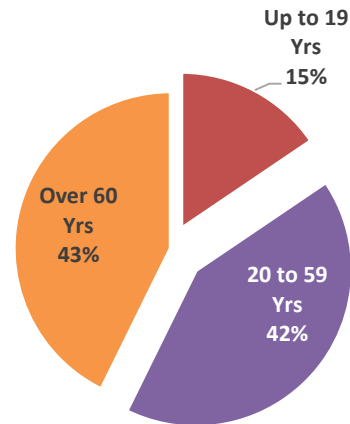


Figure 2 - Age Breakdown

## Population Trends

Population: 530  
 Provincial population: 0.1%  
 20-year trend: Declining [supported by Figure 3 below]  
 Age Trend: Majority between 50-79 years of age [supported by Figure 4 below]

Population Trend from 1996 to 2016

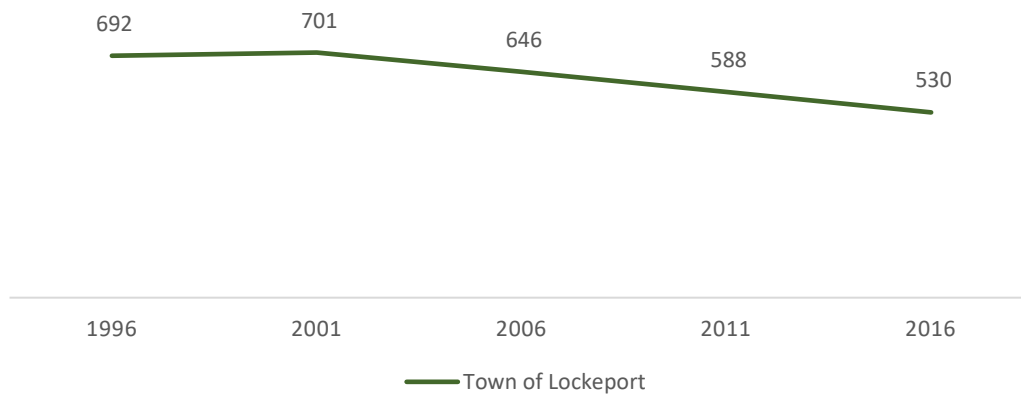


Figure 3 - Population from 1996-2016. Source: Statistics Canada

2016 Population by Age

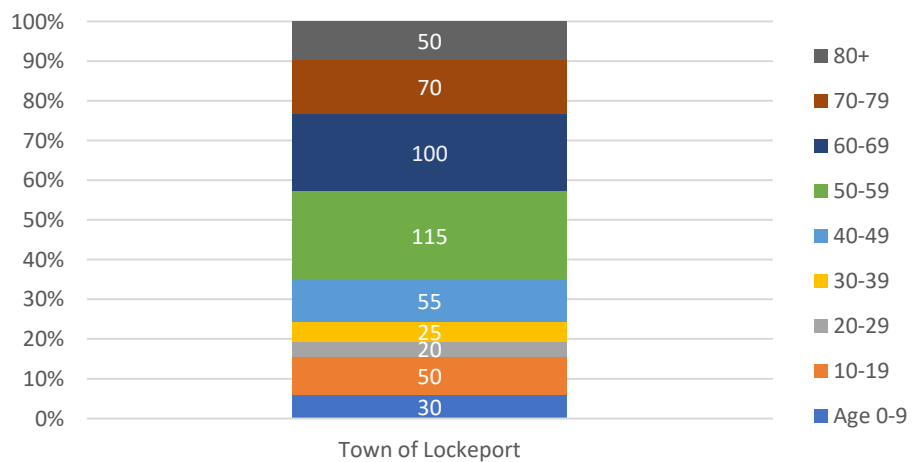


Figure 4 - Population by Age for 2016. Source: Statistics Canada

### Municipal Comment:

The population has increased in the Town since COVID restrictions have allowed the new property owners to become full-time residents; unfortunately, the 2021 census will not reflect this due to timing.

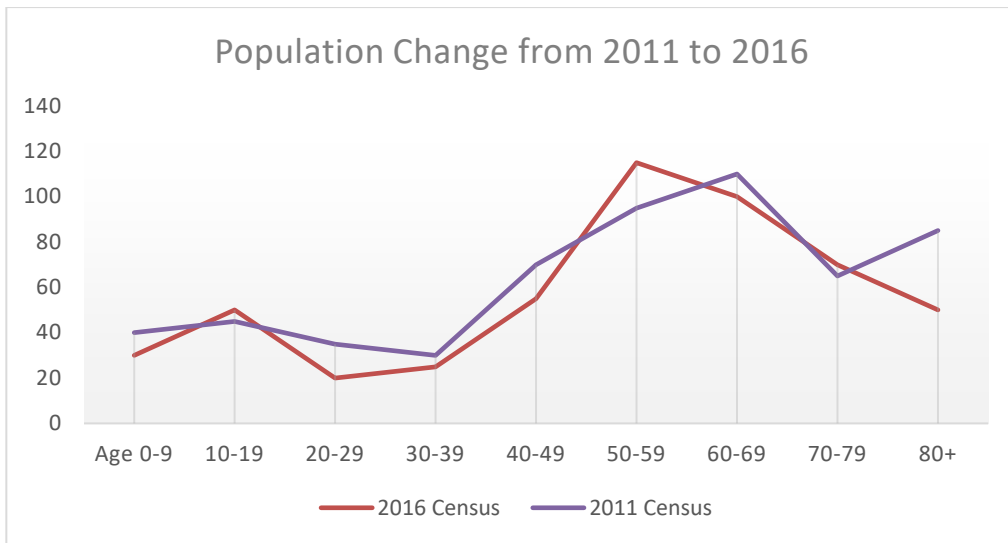


Figure 5- Population Age Change from 2011 to 2016. Source: Statistics Canada

According to the 2016 Census, similar to most towns in Nova Scotia, the majority of Lockeport’s citizens are between the ages of 40 and 69.

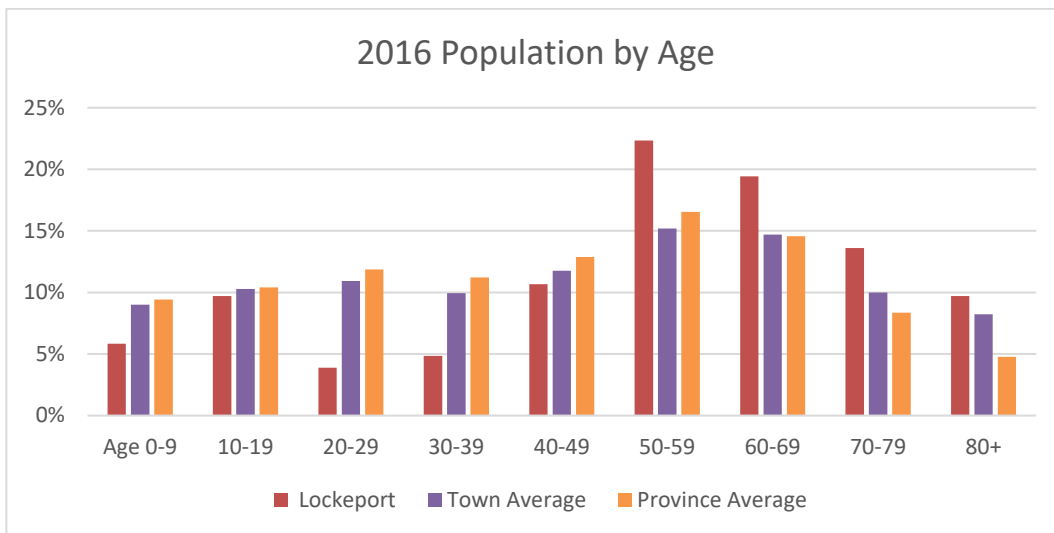


Figure 6 - Comparison of Population by Age for 2011 and 2016. Source: Statistics Canada



## 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	2011 Census	+/-	2016 Town Avg.
<b>Median Household Income</b>	\$46,464	\$44,267	\$2,197	\$48,934
<b>Employment Rate</b>	41.9%	N/A	N/A	48.3%
<b>Education Beyond High School</b>	44.2%	N/A	N/A	52.0%

*Source: 2011 and 2016 Statistics Canada Census*

**Median household income:** Lockeport's median household income is lower than the provincial town average, although it has increased since 2011.

**Employment rate:** In a healthy economy, The Town of Lockeport's employment rate is below the provincial town average. Please note the 2011 Census data was not available for Lockeport.

**Education level:** Lockeport's education level is lower than the provincial town average. Please note the 2011 Census data was not available for Lockeport.

## 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.

Three-year change in Tax Base (Uniform Assessment) <sup>(1)</sup> :	8.4%	growth keeps pace with cost of living
Reliance on a Single Business or Institution Financial Condition Indicator (FCI):	13.3%	dependent (moderate risk)
Residential Tax Effort FCI:	3.9%	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.

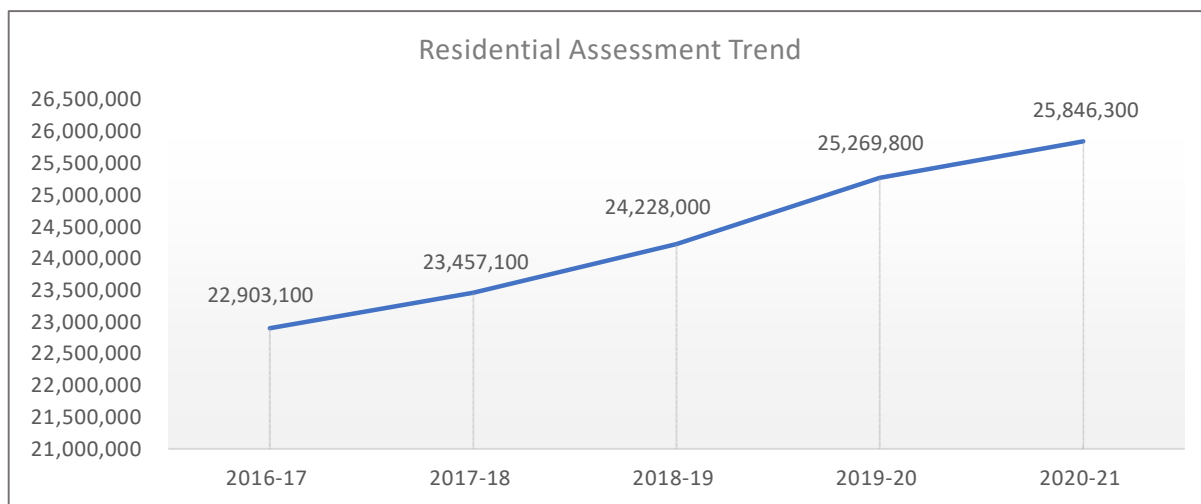


Figure 7 - Residential taxable assessment over the last five years. Source: 2016-17 to 2020-21 Statement of Estimates - Assessment

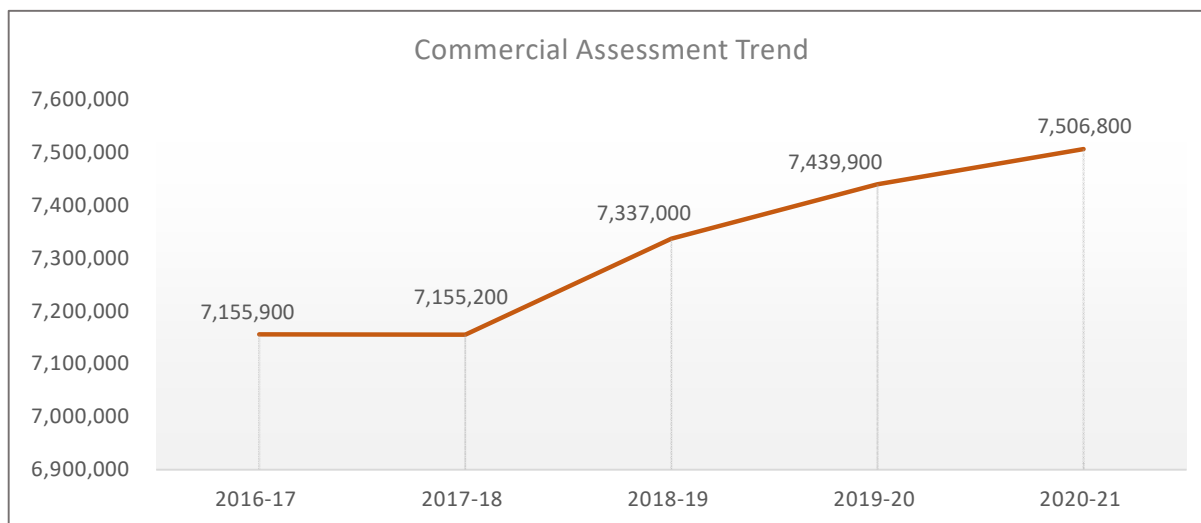


Figure 8 - Commercial taxable assessment over the last five years. Source: 2016-17 to 2020-21 Statement of Estimates - Assessment

<sup>(1)</sup> 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
- As per the Consolidated Financial Statements of the Town of Lockeport, the Municipality has no other organizations or enterprises.

The Municipality's non-consolidated financial statements present only 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 audited<sup>2</sup>.

### Financial Reporting Compliance:

Audited Financial Statements and Financial Information Return Submitted:	Yes
Submission of financial information:	Before deadline <sup>3</sup>
Financial statements include:	
Remuneration and Expenses for Elected	Yes
Unqualified Opinion:	Yes
Quarterly Expense and Hospitality Report posted online:	Yes
Summary Expense and Hospitality Report submitted:	Yes
Statement of Estimates (SOE) -Assessment and SOE-Budget submitted:	Yes

<sup>2</sup> Please be advised that, although the Department 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.

<sup>3</sup> Annually, municipalities are required to submit their financial information by Sept 30th, with an exception made for the 2020-21 FIR, which was due November 24.

## Financial Highlights

### Revenue

Total consolidated revenue:	\$1.5 million
Revenue generated from own source revenue *:	\$1.1 million
Total general operating revenue:	\$1.3 million
Largest general operating revenue:	75%
	Net property taxes and payments in lieu of taxes

### Expenses

Total consolidated expenses:	\$1.3 million
Total general operating expenses:	\$1.1 million
Largest general operating expense:	39%
	General government services

### Annual Surplus

Annual consolidated surplus (deficit):	\$0.2 million
Consolidated accumulated surplus (deficit):	\$2.7 million
Annual general operating surplus (deficit):	\$0.1 million

### Debt

Total consolidated long-term debt:	\$0.2 million
Total general capital fund long-term debt:	\$0.2 million
General operating fund bank indebtedness:	\$0.0

\*excluding government transfers

**Revenue:**

**\$1.5 M**  
2021 Consolidated Revenue

Total consolidated revenue: \$1.5 million  
 Largest revenue: \$1.0 million  
 Net property taxes and payments in lieu of taxes  
 Revenue generated from own source revenue: 71%

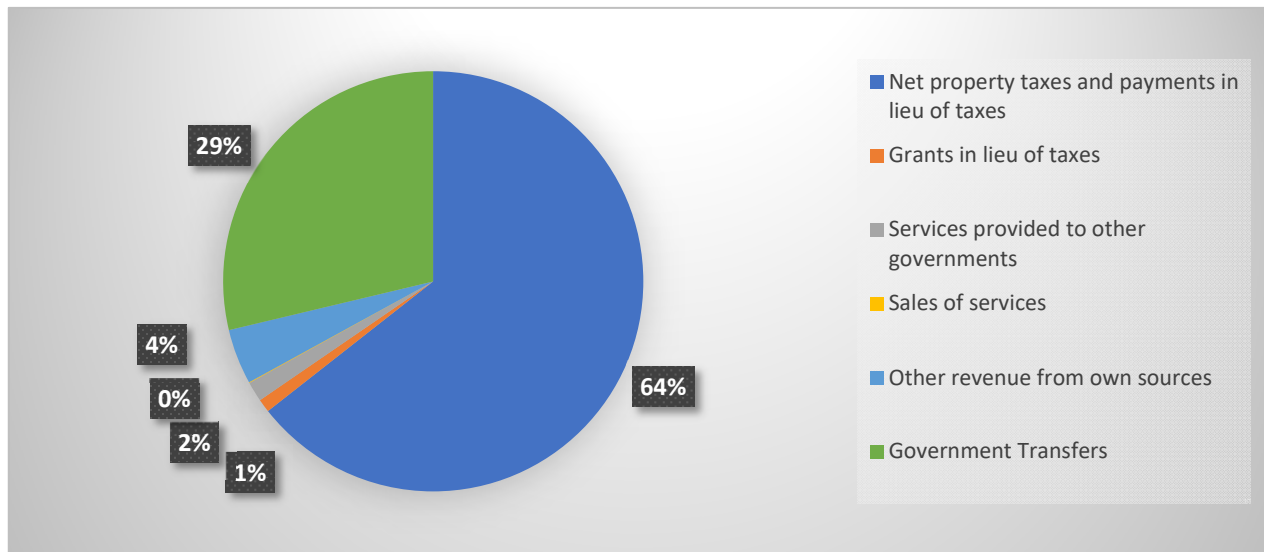


Figure 9 - Consolidated Revenue Source: 2020-21 Financial Information Return

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

	<u>Consolidated Revenue</u>
Net property taxes and payments in lieu of taxes	\$971,709
Grants in lieu of taxes	\$15,612
Services provided to other governments	\$22,937
Sales of services	\$831
Other revenue from own sources	\$64,241
Government Transfers	\$433,455
Net income from government business enterprises	\$0
Water fund revenues	\$0
Electric fund revenues	\$0
	<u>\$1,508,785</u>

## \$1.3 M 2021 General Operating Revenue

Total general operating revenue:	\$1.3 million
Largest general operating revenue:	75%
	Net property taxes and payments in lieu of taxes
Uncollected Taxes Financial Condition Indicator (FCI):	7.3%
Reliance on Government Transfers FCI:	16.8%

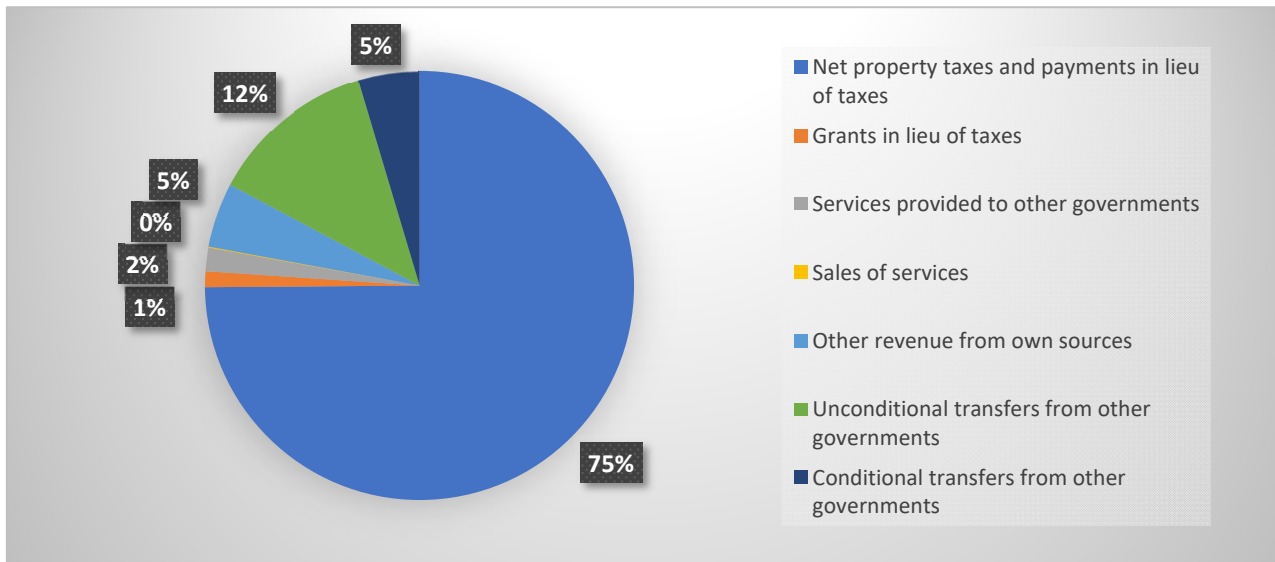


Figure 10 - General Operating Fund Revenue Source: 2020-21 Financial Information Return

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

	General Operating Revenue
Net property taxes and payments in lieu of taxes	\$971,709
Grants in lieu of taxes	\$15,612
Services provided to other governments	\$22,937
Sales of services	\$831
Other revenue from own sources	\$63,282
Unconditional transfers from other governments	\$163,530
Conditional transfers from other governments	\$60,104
	\$1,298,005

**Expenses:**

**\$1.3 M**  
2021 Consolidated Expenses

Total consolidated expenses: \$1.3 million  
 Largest expense: 34%  
 General government services

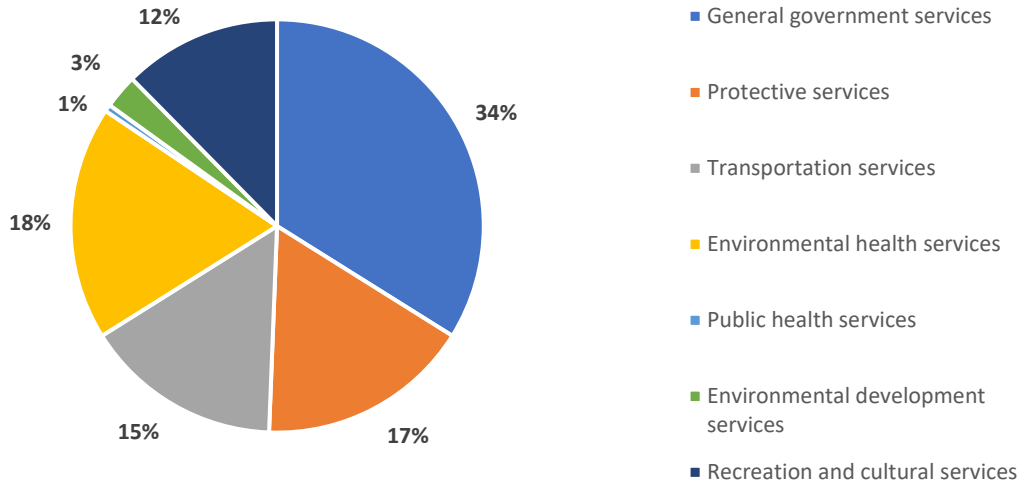


Figure 11 - Consolidated Expenses Source: 2020-21 Financial Information Return

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

	<u>Consolidated Expenses</u>
General government services	\$450,679
Protective services	\$222,115
Transportation services	\$205,862
Environmental health services	\$243,492
Public health services	\$7,319
Environmental development services	\$35,137
Recreation and cultural services	\$164,750
Extraordinary or special items	\$0
Water fund expenses	\$0
Electric fund expenses	\$0
	<u>\$1,329,354</u>

## \$1.1 M 2021 General Operating Expenses

Total general operating expenses: \$1.1 million  
 Largest general operating expense: 39%  
 General operating reserves as a percentage of total general operating expenses: 36.9%

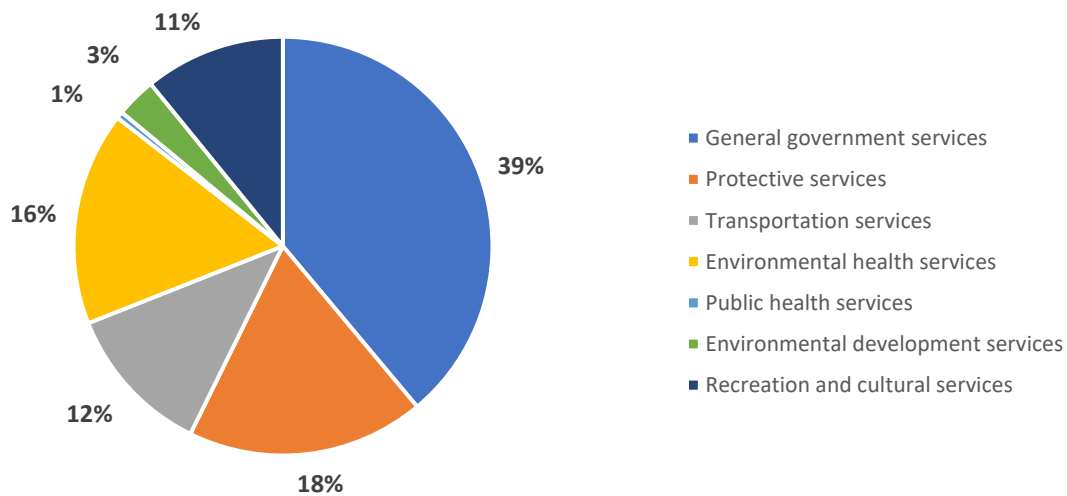


Figure 12 - General Operating Fund Expenses Source: 2020-21 Financial Information Return

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

	General Operating Expenses
General government services	\$444,248
Protective services	\$209,584
Transportation services	\$133,788
Environmental health services	\$188,419
Public health services	\$6,174
Environmental development services	\$35,137
Recreation and cultural services	\$124,238
Extraordinary or special items	\$0
	\$1,141,588



## Town of Lockeport

The graph below shows the expense by function for the municipal operations or General Operating Fund expenses compared to the provincial town average.

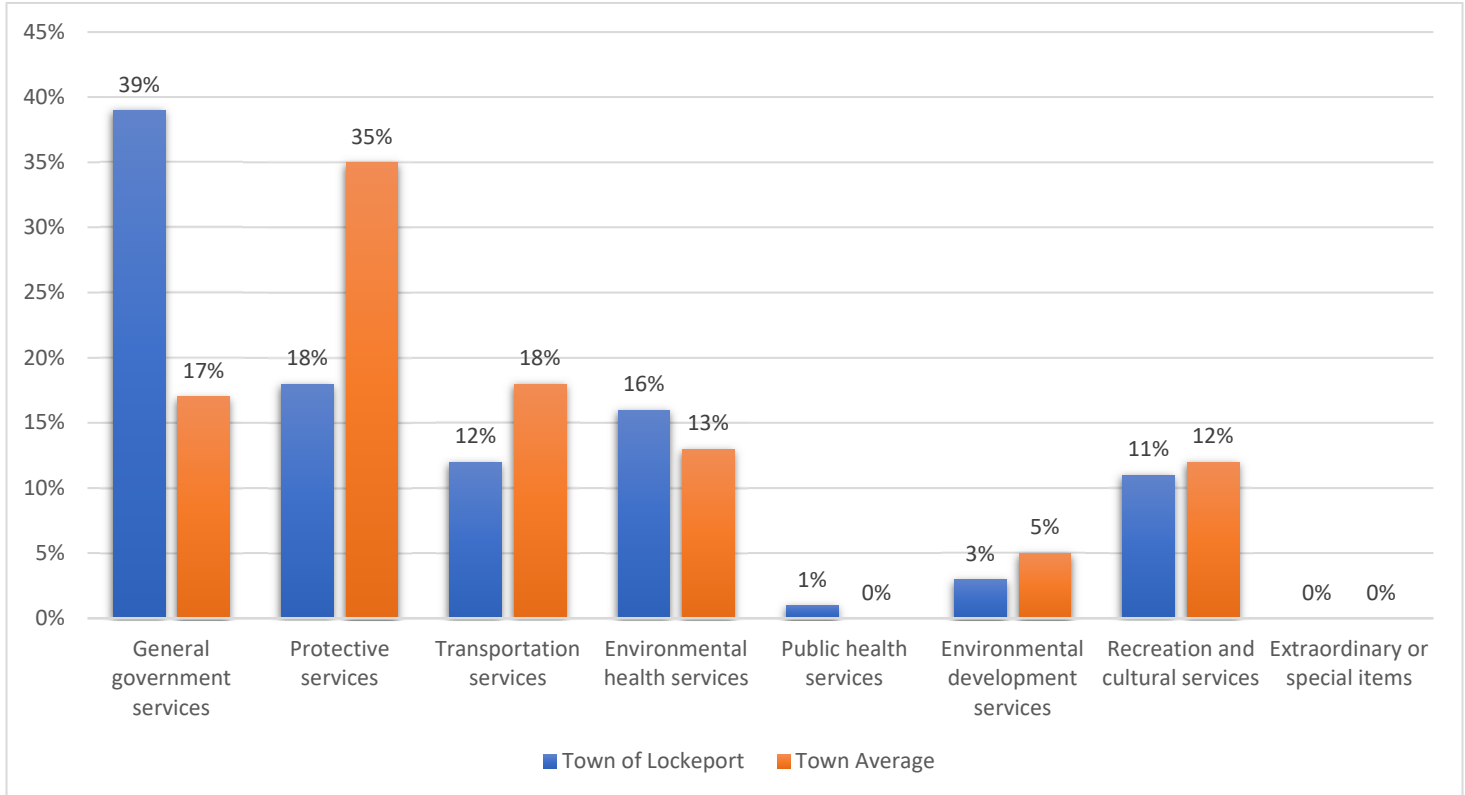


Figure 13 - Comparison of General Operating Fund Expenses to Provincial Town Average. Source: 2020-21 Financial Information Return

## Accumulated Surplus (Deficit)

Annual Surplus: Revenue - Expenses

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

Annual consolidated surplus (deficit):	\$0.2 million
Consolidated accumulated surplus (deficit):	\$2.7 million
Annual general operating surplus (deficit):	\$0.1 million
Number of Deficits in the Last 5 Years Financial Condition Indicator (FCI) :	Two

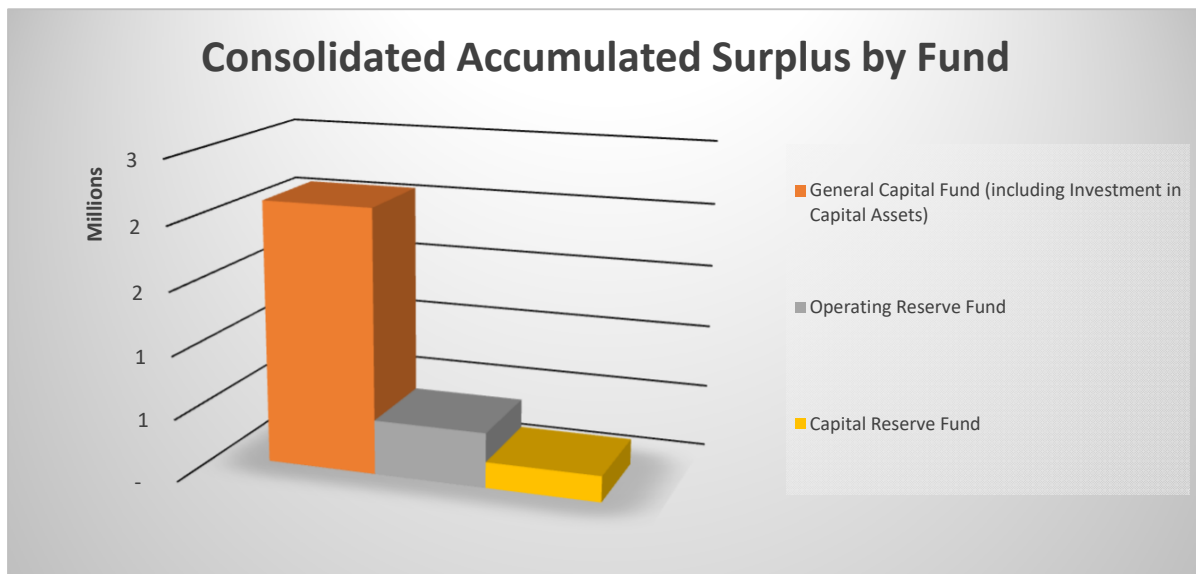


Figure 14 - Consolidated Accumulated Surplus by Fund. Source: 2020-21 Financial Information Return

**Debt**

Total consolidated long-term debt:	\$0.2 million
Total general capital fund long-term debt:	\$0.2 million
Debt Service Financial Condition Indicator (FCI):	4.7%
Operating fund bank indebtedness:	\$0.0
Outstanding Operating Debt FCI (as a percentage of Net Property Taxes/Payment in Lieu of Taxes, Grants in Lieu of Taxes and Government Transfers):	0.0%

## 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 12 indicators organized into base, structure and roof, focusing on:

- roof: 4 key performance indicators;
- structure: 5 financial indicators that concern management and debt; and
- base: 3 indicators relating to internal and external factors that could impact the municipality’s revenue stream.

### 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:** Town of Lockeport

**Financial Condition:** **Moderate Risk**

The overall Financial Condition Index assessment for the Town of Lockeport is Moderate Risk.

This means that while the Municipality has some challenges, it is considered moderate risk for fiscal instability.

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

### OVERALL RESULTS FOR TOWNS FOR 2020-21



## Financial Condition Indicators Highlights for 2020-21

Overall Assessment

Yellow (moderate risk)

The overall Financial Conditions Index assessment for the Town of Lockeport is yellow (moderate risk). This means that while the Municipality might face some challenges, it is considered moderate risk for fiscal instability.

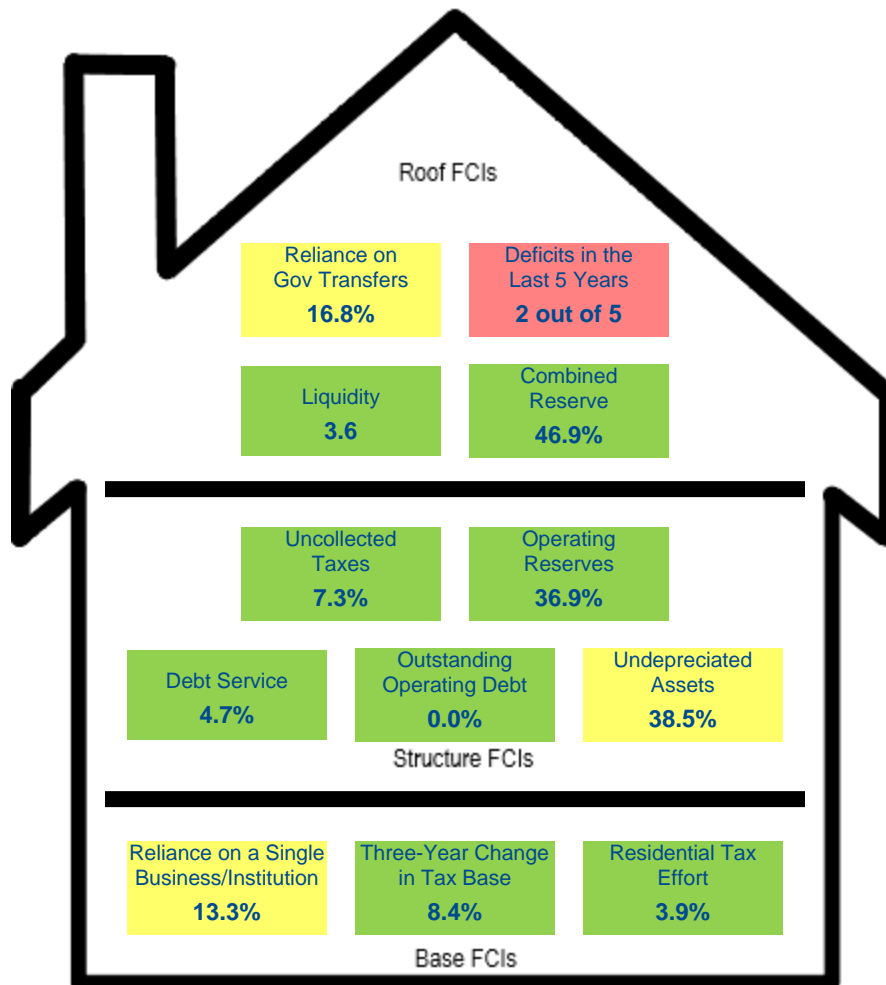
As shown in the House model below, Lockeport's FCIs are comprised of:

Low Risk (green): 8 Indicators







Moderate Risk (yellow): 3 Indicators

High Risk (red): 1 Indicator











Details on the individual FCI assessments are provided below.











## Two-Year Comparison of Financial Condition Indicators

<b>BASE</b>	<b>2020-21</b>	<b>2019-20</b>	<b>+/-</b>
3-year Change in Tax Base	 8.4%	 4.8%	3.6%
Reliance on a Single Business or Institution	 13.3%	 13.8%	-0.5%
Residential Tax Effort	 3.9%	 3.8%	0.1%

### **STRUCTURE**

Uncollected Taxes	 7.3%	 9.2%	-1.9%
Operating Reserves	 36.9%	 24.9%	12.0%
Debt Service	 4.7%	 7.5%	-2.8%
Outstanding Operating Debt	 0.0%	 0.0%	0.0%
Undepreciated Assets	 38.5%	 38.5%	0.0%

### **ROOF**

Deficits in the Last 5 Years	 2/5	 2/5	0
Liquidity	 3.6	 2.1	1.5
Reliance on Government Transfers	 16.8%	 14.6%	2.2%
Combined Reserve	 46.9%	 38.1%	8.8%

\* For 3-year Change in Tax Base, CPI % change for 2020-21 is 6.7% and for 2019-20 is 3.2%

## The Base FCI Indicators

### Reliance on a Single Business or Institution

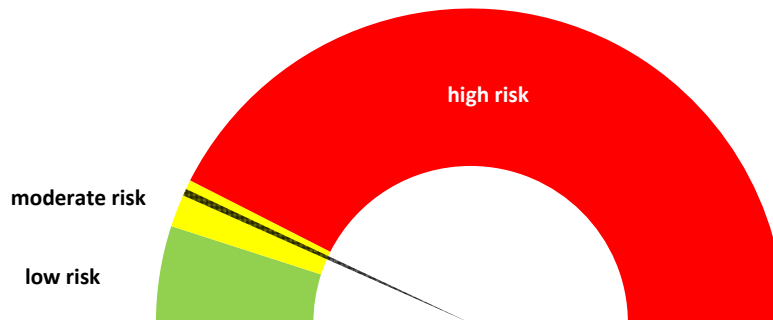
**2020-21 Results:** **Moderate risk 13.3%**  
The largest single commercial or institutional account is 13.3% of the Municipality's total Uniform Assessment.

**What does it mean?** The Municipality is showing vulnerability in this area.  
The Municipality's tax base is moderately dependent on one single business or institution

**Calculation:** 
$$\frac{\text{Taxable assessment value of the largest business or institution}}{\text{Uniform Assessment}} = 13.3\%$$

**Risk Thresholds:**

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





## Residential Tax Effort

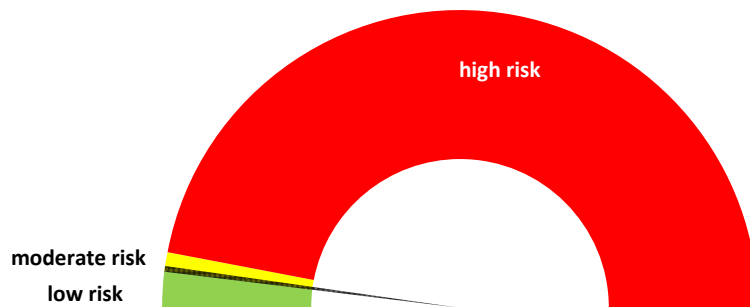
**2020-21 Results:**                      **Low risk            3.9%**  
3.9% of median household income is required to pay the average tax bill.

**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:**                                      
$$\frac{\text{Total residential tax revenue per dwelling unit}}{\text{Median Household Income}} = 3.9\%$$

**Risk Thresholds:**

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



## Three-Year Change in Tax Base

**2020-21 Results:**                      **Low risk**                      **8.4%**

**What does it mean?**                      Growth is above the CPI % change of 6.7%.

The Municipality's tax base is in a strong position to cover the cost of municipal services and programs.

**Calculation:**                                      
$$\frac{\text{Current Uniform Assessment} - \text{Uniform Assessment 3 Years Prior}}{\text{Uniform Assessment 3 Years Prior}} = 8.4\%$$

**Risk Thresholds:**

- Low: Equal or above CPI% Change
- Moderate: Below CPI % Change, but not negative growth
- High: Negative growth

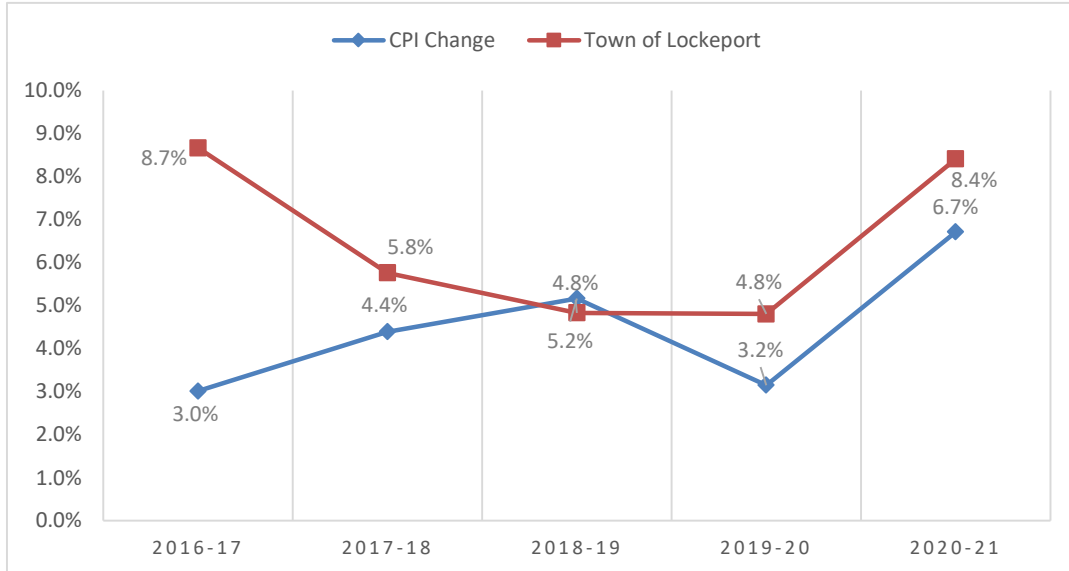


Figure 15- Three-year change in Uniform Assessment in comparison to three-year change in CPI for the last 5 years. Source: Statement of Estimates-Assessment and Statistics Canada

## FCI Indicators - Structure (Management) Indicators

### Debt Service

**2020-21 Results:**

**Low risk 4.7%**

4.7% of own source revenue is spent on principal and interest payments.




**What does it mean?**

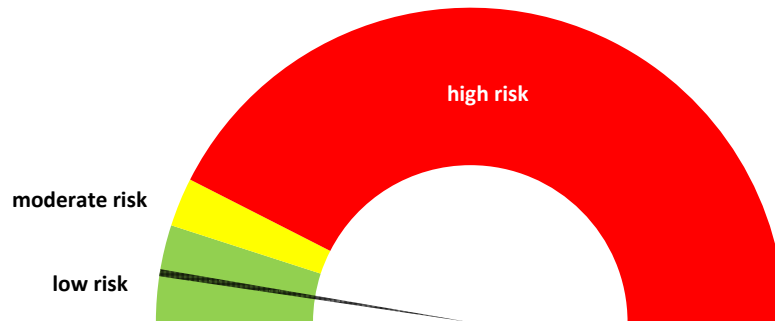
With adequate cash flow, the Municipality may have the flexibility to increase borrowing levels to help finance future capital expenditures.

**Calculation:**

$$\frac{\text{Principal and Interest Paid on Long-term Debt}}{\text{Total Own Source Operating Revenue}} = 4.7\%$$

**Risk Thresholds:**

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





## Operating Reserve

**2020-21 Results:**                      **Low risk**                      **36.9%**

**What does it mean?**




The Municipality is setting aside sufficient funds to help mitigate any unforeseen risks or future needs

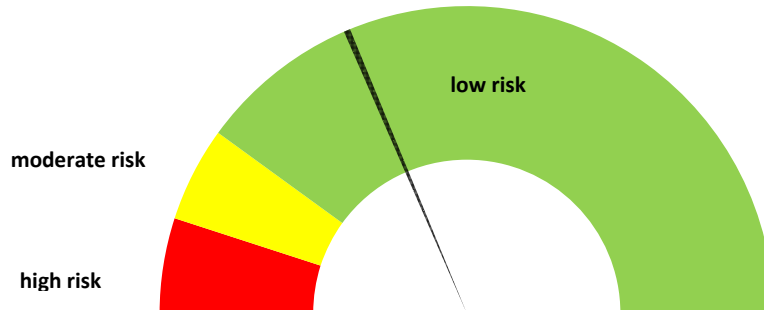
This indicator provides the value of funds set aside for planned future needs, to smooth expenses or for unexpected expenses.

**Calculation:**

$$\frac{\text{Total Operating Reserve Fund Balance}}{\text{Total Operating Expenditures}} = 36.9\%$$

**Risk Thresholds:**

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





## Undepreciated Assets

**2020-21 Results:**                      **Moderate risk    38.5%**

**What does it mean?**




This indicator estimates that the Town's capital assets have 38.5% of their useful life remaining.

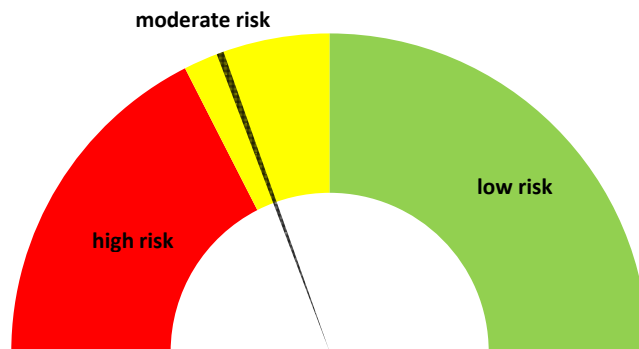
Municipalities across Canada are facing sufficient infrastructure challenges. This indicates that the Municipality is experiencing an infrastructure challenge similar to other municipalities.

**Calculation:**

$$\frac{\text{Total Net Book Value of Capital Assets}}{\text{Gross Costs of Capital Assets}} = 38.5\%$$

**Risk Thresholds:**

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







## Number of Deficits in the Last 5 Years

**2020-21 Results:** **High risk** 2 Operating deficits in the last five years

**What does it mean?** Deficits are important indications of financial health. The result indicates that the Municipality has, at times, not been able to meet its needs in a balanced manner and maintain a balanced budget.

**Calculation:** The number of non-consolidated operating deficits in the last five years = 2

**Risk Thresholds:**

- Low: 0 in the last 5 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)

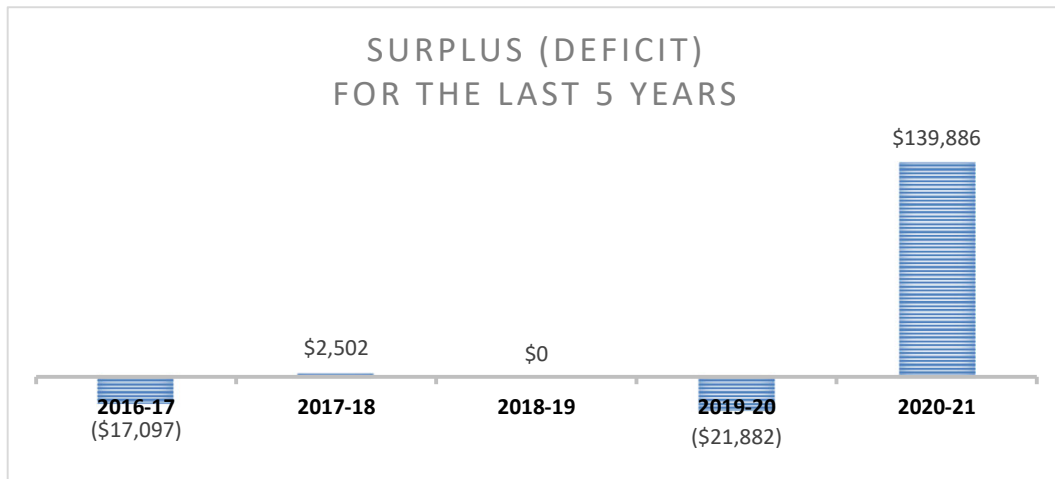


Figure 17- Annual operating fund surplus (deficit) for the last 5 years. Source: Financial Information Return

## Liquidity

**2020-21 Results:**                      **Low risk**                      **3.6**




**What does it mean?**

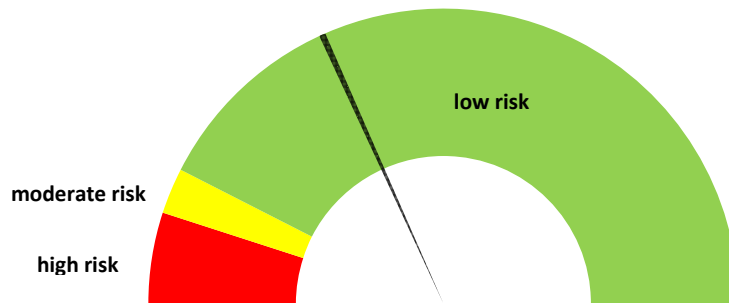
Liquidity is key to financial performance.  
The result indicates that the Municipality does not have a cash flow problem and is able to meet its service obligations.

**Calculation:**

$$\frac{\text{Total Current Financial Assets}}{\text{Total Current Liabilities}} = 3.6$$

**Risk Thresholds:**

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



## Combined Reserves

**2020-21 Results:**                      **Low risk**                      **46.9%**

**What does it mean?**




This result indicates that the Town does appear to have sufficient reserves needed to address unexpected events or provide flexibility to address future projects.

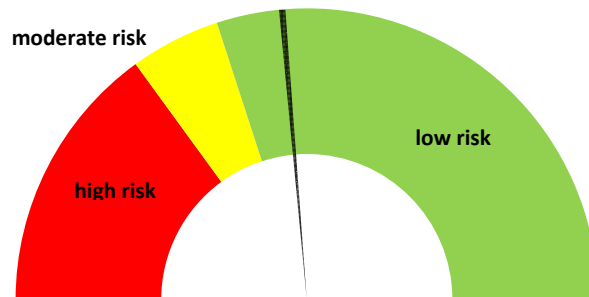
Reserves are critical components of a municipality's long-term sustainability. This indicator shows the value of the funds held in the reserves compared to a single year's operation, including amortization expenses.

**Calculation:**

$$\frac{\text{Total Operating and Capital Reserves}}{\text{Total Operating Expenses plus Amortization Expense}} = 46.9\%$$

**Risk Thresholds:**

-  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](http://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:

- 911 Municipal Grants
- Consolidated Revenues and Expenses by Municipality
- Municipal Affairs Funding Programs
- Emergency Services Provider Fund
- Farm Land Grant
- Financial Condition Indicators by Municipality
- Municipal Contributions to Roads
- Municipal Financial Capacity Grant (formally equalization program)
- 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

Municipal website is [lockeport.ns.ca](http://lockeport.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](mailto:municipalfinance@novascotia.ca)

