

Financial Statements of

**NOVA SCOTIA MUNICIPAL
FINANCE CORPORATION**

And Independent Auditors' Report thereon

Year ended March 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Directors of Nova Scotia Municipal Finance Corporation

Opinion

We have audited the financial statements of Nova Scotia Municipal Finance Corporation (the Corporation), which comprise:

- the statement of financial position as at end of March 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at end of March 31, 2021, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

Management is responsible for the preparation and fair presentation of 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.



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- 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants
Halifax, Canada
June 17, 2021

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Financial Statements

Year ended March 31, 2021

Financial Statements

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NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and cash equivalents (note 5(a))	\$ 7,898,601	\$ 7,177,165
Accrued interest receivable	7,552,659	8,521,548
HST receivable	579	480
Accounts receivable	87	85
Municipal operating loans receivable (note 9)	47,498,896	-
Loans (note 2)	703,493,580	772,781,665
	<u>766,444,402</u>	<u>788,480,943</u>
Financial liabilities:		
Accounts payable	55,409	51,491
Employee obligation (note 4)	46,649	45,078
Accrued interest payable	7,545,111	8,509,886
Short-term loan due to Province of Nova Scotia (note 7)	1,128,945	80,000
Municipal operating loans payable (note 9)	47,498,896	-
Deposits	33,049	39,871
Due to municipal units	-	141,216
Debentures (note 3)	703,370,774	772,703,413
	<u>759,678,833</u>	<u>781,570,955</u>
Net financial assets	6,765,569	6,909,988
Accumulated surplus	\$ 6,765,569	\$ 6,909,988

See accompanying notes to audited financial statements.

On behalf of the Board:

_____ Director

_____ Director

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Statement of Operations and Accumulated Surplus

Year ended March 31, 2021, with comparative information for 2020

	Budget 2021	Actual 2021	Actual 2020
Revenue:			
Interest on loans	\$ 23,684,896	\$ 23,660,822	\$ 25,200,360
Interest on short-term investments	159,092	59,252	165,004
Recovery of issue costs	341,666	148,181	312,824
Administration fee	400,000	171,530	387,295
	<u>24,585,654</u>	<u>24,039,785</u>	<u>26,065,483</u>
Expenses:			
Interest on debenture debt and short-term loans	23,680,328	23,657,778	25,199,092
Debenture issue expenses	341,699	146,045	310,950
Administrative expenses (schedule)	448,761	380,381	410,113
	<u>24,470,788</u>	<u>24,184,204</u>	<u>25,920,155</u>
Annual operating surplus (deficiency)	114,866	(144,419)	145,328
Accumulated surplus, beginning of year	6,909,988	6,909,988	6,764,660
Accumulated surplus, end of year	<u>\$ 7,024,854</u>	<u>\$ 6,765,569</u>	<u>\$ 6,909,988</u>

See accompanying notes to financial statements.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Statement of Changes in Net Financial Assets

Year ended March 31, 2021, with comparative information for 2020

	Budget 2021	Actual 2021	Actual 2020
Annual operating surplus (deficiency)	\$ 114,866	\$ (144,419)	\$ 145,328
Increase (decrease) in net financial assets	114,866	(144,419)	145,328
Net financial assets, beginning of year	6,909,988	6,909,988	6,764,660
Net financial assets, end of year	\$ 7,024,854	\$ 6,765,569	\$ 6,909,988

See accompanying notes to audited financial statements

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual operating surplus (deficiency)	\$ (144,419)	\$ 145,328
Item not involving cash:		
Decrease in employee obligations	1,571	(25,879)
Change in non-cash operating working capital (note 5(b))	(133,284)	23,764
	(276,132)	143,213
Investing activities:		
Issue of municipal operating loans to municipalities	(47,498,896)	-
Issuance of loans to units	(42,882,514)	(96,807,982)
Payments received on loans to units	112,164,632	106,183,638
Due to municipal unit	(856)	(18,473)
	21,782,366	9,357,183
Financing activities:		
Proceeds of debentures	42,883,000	96,823,000
Principal payments on debenture	(112,215,639)	(106,233,438)
Change in short-term loan due to Province of Nova Scotia	48,547,841	(1,048,250)
	(20,784,798)	(10,458,688)
Cash and cash equivalents	721,436	(958,292)
Cash and cash equivalents, beginning of year	7,177,165	8,135,457
Cash and cash equivalents, end of year	\$ 7,898,601	\$ 7,177,165

Supplemental cash flow information (note 5 (c))

See accompanying notes to audited financial statements.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements

Year ended March 31, 2021

Nova Scotia Municipal Finance Corporation (the "Corporation") was created by the Municipal Finance Corporation Act which was proclaimed on July 31, 1979. The Corporation began operations on January 1, 1980 and has a March 31 fiscal year-end. The object of the Corporation is to provide financing of approved capital projects for municipalities, municipal enterprises, regional school boards, and hospitals through a central borrowing authority. The Corporation is not subject to provincial or federal taxes.

1. Significant accounting policies:

(a) Basis of accounting:

The financial statements of the Corporation have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA").

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks, short-term deposits with the Province of Nova Scotia with maturities of generally three months or less and short-term loans. Cash and cash equivalents are recorded at amortized cost.

(c) Loans:

Loans are recorded at amortized cost less valuation allowances and writeoffs. Periodically loans are assessed for collectibility and risk of loss. To the extent required, a valuation allowance based on past events, current circumstance and all available information at the date of the preparation of the financial statements is recorded to reduce the loans to their expected net realizable value. Losses as a result of a valuation allowance are recorded in the statement of operations.

(d) Employee future benefits:

The Corporation provides certain employee benefits which will require funding in future periods.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(d) Employee future benefits (continued):

Public service awards:

Upon retirement, certain employees are eligible for a public service award equal to one week's salary per year of service to a maximum of twenty-six years. Management recognizes compensation expense on an accrual basis based on management's best estimate.

Employee pension plan:

Permanent employees participate in the Nova Scotia Public Superannuation Plan (the "Plan"), a contributory defined benefit pension plan, which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both the employees and the employer. The Corporation is not responsible for any under-funded liability, nor does the Corporation have any access to any surplus that may arise in this Plan. The cost of the Plan is the Corporation's required contributions due to the plan during the period.

(e) Debentures:

Debentures are recorded at amortized cost.

(f) Accumulated surplus:

The accumulated surplus was created from annual accumulated surpluses and interest on funds which had been advanced by the Province of Nova Scotia and interest on other surplus monies. Included in the accumulated surplus is the reserve fund which provides a capital base for the Corporation, as well as funds which may be required for administrative purposes and timing differences. At the February 7, 2019 board meeting, the board amended the reserve fund policy by removing the upper CAP of \$7 million and to have the Audit Committee review the Reserve Fund Fee annually and provide recommendations on its level to the Board.

(g) Revenue recognition:

Interest revenue on loans is recognized on an accrual basis and reported as revenue in the period earned.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Loans:

- (a) Loans are made on the security of debentures and are due in annual instalments for periods up to a maximum of twenty years. Interest rates on the loans range from 0.678% to 5.940%. Repayment terms are negotiated on specific loans and would normally not exceed twenty years.

	2021	2020
Loans to municipalities	\$703,493,580	\$772,781,665
Less current portion	100,107,233	112,170,599
	\$603,386,347	\$660,611,066

- (b) Principal payments receivable and due on debentures payable in each of the next five years are as follows:

	Loans	Debentures payable
2022	\$100,107,233	\$100,146,612
2023	128,226,982	128,264,252
2024	102,627,293	102,659,197
2025	80,296,051	80,325,197
2026	65,374,804	65,396,201

3. Debentures:

The debenture debt outstanding at March 31, 2021 totaling \$703,370,774 (2020 - \$772,703,413) is in Canadian funds and are placed with the Province of Nova Scotia, with the exception of the "FCM" loans which are private placements. Interest is payable semi-annually.

At year-end, the total debentures due to the Province of Nova Scotia was \$697,438,197 (2020 - \$765,976,366).

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

3. Debentures (continued):

Series	Date issued	Maturity date Calendar Year	Interest rate	2021
				Amortized cost of debt outstanding
BB	Jan. 9/03	2021 to 2023	5.913	\$ 1,782,197
BF	Sept. 1/04	2021 to 2024	5.830-5.940	22,000,000
BJ	June 1/06	2021	5.080	1,400,000
BK	Oct. 24/06	2021	4.590	11,439,000
BL	June 1/07	2021 to 2022	4.760-4.770	11,025,000
BM	Oct. 17/07	2021 to 2022	5.190-5.210	2,220,000
BN	July 7/08	2021 to 2023	5.004-5.088	6,974,000
BP	Oct. 24/08	2021 to 2023	5.335-5.480	4,993,000
BQ	June 1/09	2021 to 2024	5.209-5.644	10,526,000
BR	Oct. 27/09	2021 to 2024	4.579-4.939	912,000
BS	June 29/10	2021 to 2025	4.580-4.875	13,134,000
BT	Nov. 9/10	2021 to 2025	3.990-4.410	1,079,000
BU	May 30/11	2021 to 2026	4.221-4.597	5,995,000
BV	Nov. 9/11	2021 to 2026	3.645-4.026	7,772,000
FCM-D*	Nov 15/11	2021	1.750	127,273
FCM-E*	Mar. 26/12	2022 to 2032	2.000	243,551
BW	May 15/12	2021 to 2027	3.340-3.856	13,298,000
FCM-F*	July 3/12	2021 to 2032	2.000	1,091,069
BX	July 6/12	2021 to 2022	3.012-3.156	19,200,000
FCM-G*	Aug. 22/12	2021 to 2032	2.000	2,400,000
BY	Nov. 9/12	2021 to 2027	3.000-3.580	26,445,000
BZ	May 15/13	2021 to 2028	2.644-3.489	35,241,000
CA	Nov. 15/13	2021 to 2028	3.251-4.114	24,833,000
CB	June 5/14	2021 to 2029	2.769-3.792	22,469,000
CC	Nov. 17/14	2021 to 2029	2.678-3.559	38,388,000
CD	June 1/15	2021 to 2030	2.056-3.205	20,768,000
FCM-H*	Oct. 30/15	2021 to 2025	1.750	1,270,684
CE	Nov. 20/15	2021 to 2030	2.134-3.449	44,903,000
CF	May 16/16	2021 to 2031	2.004-3.475	45,489,000
CG	Nov. 15/16	2021 to 2031	1.660-3.108	13,627,000
CH	May 9/17	2021 to 2032	1.655-3.209	28,410,000
CI	Nov. 9/17	2021 to 2032	2.297-3.382	36,949,000
CJ	May 30/18	2021 to 2033	2.582-3.501	43,955,000
FCM-I*	Oct. 31/18	2021 to 2028	2.250	800,000
CK	Nov. 9/18	2021 to 2033	2.830-3.551	50,387,000
CL	May 9/19	2021 to 2034	1.948-3.048	12,875,000
CM	Nov. 15/19	2021 to 2034	2.048-2.829	76,067,000
CN	July 7/20	2021 to 2035	0.678-2.378	42,883,000
				\$ 703,370,774

All debt directly placed with the Province of Nova Scotia except:

* Placed with Federation of Canadian Municipalities

Amounts repayable over the next five years are presented in note 2(b).

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

4. Employee obligations:

(a) Public Service Awards:

As at March 31, 2021, the Corporation has recorded a liability in the amount of \$46,649 (2020 - \$45,078) in respect of the provincial public service award ("PSA") for the employees of the Corporation.

On April 7, 2015, the Province announced that the PSA would be discontinued on a go-forward basis for excluded (non-union) employees accrued to August 11, 2015.

(b) Employee pension plan:

Permanent employees of the Corporation participate in the Nova Scotia Public Service Superannuation Plan (the "Plan"), a contributory defined benefit pension plan administered by the Province, which provides pension benefits based on length of service and earnings.

Contributions to the Plan are required by both the employees and the employer. The Corporation's contributions range from 8.4% to 10.9% of employee salary. Total employer contributions for 2021 were \$24,645 (2020 - \$25,741) and are recognized in administrative expenses in the financial statements.

Actuarial valuations of the Province of Nova Scotia's Plan, of which the Corporation's employees are members, are conducted annually, and provide an estimate of the accrued pension obligation (Plan liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Province of Nova Scotia's consulting actuaries, Mercer, performed a valuation as at December 31, 2019 and issued their report in June 2020. The report indicated that the Province of Nova Scotia's Plan had a funding deficit of \$105,080,000 (December 31, 2018 – funding deficit of \$112,134,000). The December 31, 2020 report is expected to be released in June 2021.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

5. Supplemental cash flow information:

(a) Cash and cash equivalents include:

	2021	2020
Cash	\$ 6,769,656	\$ 7,097,165
Short-term investments	1,128,945	80,000
	<u>\$ 7,898,601</u>	<u>\$ 7,177,165</u>

(b) Change in non-cash working capital:

	2021	2020
Accrued interest receivable	\$ 968,889	\$ 231,577
Other receivables	(101)	2,584
Accounts payable	3,919	824
Accrued interest payable	(1,105,991)	(211,221)
	<u>\$ (133,284)</u>	<u>\$ 23,764</u>

(c) Supplemental cash flow information:

	2021	2020
Interest paid	\$ 24,622,553	\$ 25,426,478
Interest received	\$ 24,363,641	\$ 25,424,870

6. Financial instruments:

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. The Corporation's financial instruments are primarily exposed to interest rate volatility, credit and liquidity risk.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Financial instruments (continued):

(i) Interest rate risk

Interest rate risk is the risk that future earnings or the market value of the Corporation's investments and debt will fluctuate due to changes in market interest rates. Interest rate risk is mitigated due to the fact that the Corporation's mandated rate of interest charged on loans is directly matched to its cost of borrowing, thereby mitigating the risk of equity erosion. Also, interest rates are fixed for longer term loans and borrowings reducing the fluctuation in future cash flows and earnings. As a result, it is management's opinion that the Corporation is not exposed to significant interest rate risk arising from financial instruments.

(ii) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Corporation. Due to the existing statutory provision for the recovery of any defaults by municipalities an allowance for doubtful accounts is not required. Cash deposits are held with tier one Canadian financial institutions to reduce the credit risk. It is management's opinion that the Corporation is not exposed to significant credit risk arising from financial instruments. The maximum exposure to credit risk is equal to the carrying amount of the loans and cash and cash equivalents.

During the year and at year-end, there are no loans which are past due or considered impaired and therefore no allowance for loan losses.

(iii) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity requirements are managed through the receipt of payments on the loans and short-term investments and interest earned on the loans and short-term investments. These sources of funds are used to satisfy debt service requirements on the debentures and short-term loans and to pay expenses. In the normal course of business, the Corporation enters into contracts that give rise to commitments for future payments which may also impact the Corporation's liquidity. The Corporation also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant liquidity risk arising from financial instruments.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Financial instruments (continued):

(iii) Liquidity risk (continued):

The following table summarizes the contractual maturities for all financial liabilities as at March 31, 2021:

	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	March 31, 2021 total
Accounts payable	\$ 55,409	\$ -	\$ -	\$ -	55,409
Accrued interest payable	7,545,111	-	-	-	7,545,111
Employee obligations	-	-	46,649	-	46,649
Short-term loan	1,128,945	47,498,896	-	-	48,627,841
Debentures (principal)	100,146,612	376,644,847	179,536,305	47,043,010	703,370,774
Debentures (interest)	21,644,487	50,382,928	20,630,219	2,764,166	95,421,800
	\$ 130,520,564	\$ 474,526,671	\$ 200,213,173	\$ 49,807,176	\$ 855,067,584

7. Short-term loan due to PNS:

The Corporation entered into a Line of Credit Agreement with the Province of Nova Scotia as represented by the Minister of Finance and Treasury Board. The Province has extended a revolving unsecured credit facility of \$50 million. The purpose of this line of credit is to provide short-term financing to municipalities for completed capital projects until long-term financing can be arranged. The current amount outstanding on the Line of Credit is \$1,128,945 (2020 - \$80,000). The balance bears interest at the Canadian Bankers acceptance rate and will be paid off through the bi-annual debenture issuance.

8. Related party transactions:

The Corporation is related to the Province of Nova Scotia as it was created by the Municipal Finance Corporation Act of Nova Scotia and is primarily financed by debentures from the Province of Nova Scotia (note 3). The amount of interest charged in debentures is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

9. Municipal operating loans program:

On April 28, 2020 the Province of Nova Scotia announced a new operating loan program to help municipalities with reduced cash flow due to COVID-19. The \$380 million loan program, which was developed in collaboration with the Nova Scotia Federation of Municipalities and the Association of Municipal Administrators, is available through the Corporation.

Municipalities must first determine their revenue shortfall. Then the Department of Municipal Affairs analyses the requests and, if approved, will forward the approval to the Corporation. Municipalities requesting financing assistance must do so by March 31, 2021 as there will be no new loans authorized after this date. The operating loans have a 3, 5 and 7-year period payback at the provincial fixed interest rates of 1.10%, 1.30% and 1.70% respectively.

As of March 31, 2021, there were 3 municipalities that have accessed the program for a total of \$47,498,896 all at the 3-year rate of 1.10%. One additional loan was approved by the Corporation's Board on March 31, 2021 in the amount of \$38,799 at the 3-year rate of 1.10%. This loan was not advanced to the municipal client until April 9, 2021 and therefore does not appear in the year-end results of the financial statements.

	In Year 1	In Year 2	In Year 3	Total
Operating loans (principal)	\$ 15,832,966	\$ 15,832,966	\$ 15,832,964	\$ 47,498,896
Operating loans (interest)	435,407	261,244	87,081	783,732
	\$ 16,268,373	\$ 16,094,210	\$ 15,920,045	\$ 48,282,628

10. Fall 2020 debenture issue:

The Corporation had its expected borrowing requirements for the fiscal year 2020-2021 approved by Executive Council in the amount of \$145,000,000. The Fall 2020 debenture submissions from municipal clients is \$116,546,000. Combined with the Spring 2020 debenture, the total for the fiscal year is \$159,428,000, exceeding the granted authority of the Corporation by \$14,458,000. The Corporation has requested the additional amount in its borrowing authority for the current fiscal year of 2020-2021.

At March 31, 2021, the Fall 2020 debenture has been delayed because of the election of a new leader of the Liberal Party of Nova Scotia and hence a new Premier and new cabinet ministers. As of March 31, 2021, the issuance of the Fall 2020 debenture of \$116,546,000 has not taken place and has been delayed to the early part of fiscal year 2021-2022.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

10. Fall 2020 debenture issue (continued):

On May 11, 2021, the Governor in Council, based on the report and recommendation of the Minister of Municipal Affairs, dated April 8, 2021, approved the additional borrowing requirements of the Nova Scotia Municipal Finance Corporation for the fiscal year 2020-2021.

The \$116,546,000 debenture was priced with the Province of Nova Scotia on May 13, 2021, with the disbursement of net proceeds to the participating municipal clients on May 28, 2021.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Schedule of Administrative Expenses

Year ended March 31, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
Salaries and benefits	\$ 315,761	\$ 318,216	\$ 328,191
Travel	5,000	227	1,016
Equipment and maintenance	3,000	5,844	1,581
Postage	1,800	758	937
Telecommunications	1,500	1,372	1,618
Stationary and supplies	400	128	226
Professional services	34,325	36,075	34,045
Bank charges	100	170	(259)
Directors' fees and expenses	10,000	1,791	5,058
Audit Committee fees and expenses	3,700	200	1,516
Professional development	13,500	1,586	10,581
Dues and subscriptions	3,250	2,984	3,105
Insurance	925	972	918
Rent	23,100	-	-
Other	500	70	40
Advertising	2,200	1,755	2,074
Special projects	8,200	733	3,226
Sponsorship projects	16,500	2,500	13,740
Municipal client training initiatives	5,000	5,000	2,500
	\$ 448,761	\$ 380,381	\$ 410,113