



Consolidated Financial Statements

Municipality of the District of Yarmouth

March 31, 2015

Contents

	Page
Independent Auditors' Report	1
Management's Responsibility for Financial Reporting	2
Consolidated Statement of Operations and Accumulated Surplus	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flow	6
Notes to the Consolidated Financial Statements	7-24



Independent Auditors' Report

Grant Thornton LLP
328 Main Street, PO Box 297
Yarmouth, NS
B5A 4B2
T (902) 742-7842
F (902) 742-0224
www.GrantThornton.ca

To the Warden and Council of
Municipality of District of Yarmouth

We have audited the accompanying consolidated financial statements of the Municipality of the District of Yarmouth, which comprise the statement of financial position as at March 31, 2015 and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Municipality of the District of Yarmouth as at March 31, 2015, and the results of its operations, changes in net financial assets and cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Yarmouth, Canada
September 23, 2015

Grant Thornton LLP

Chartered Accountants

Municipality of the District of Yarmouth

Management's Responsibility for Financial Reporting

March 31, 2015

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

The Audit Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through Council. The Audit Committee reviews internal financial statements periodically and external audited consolidated financial statements yearly. The Audit Committee also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Municipality of the District of Yarmouth and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of Municipality of the District of Yarmouth:

Warden _____

Chief Administrative Officer _____

Municipality of the District of Yarmouth

Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31

2015

2014

	<u>Budget</u> (Note 15)	<u>Actual</u>	<u>Actual</u>
Revenue			
Taxes	\$ 6,311,531	\$ 6,512,887	\$ 6,356,010
Grants in lieu of taxes	32,720	32,718	31,742
Services provided to other governments	318,419	303,155	328,060
Sales of service	137,206	166,193	185,172
Other revenue from own sources	688,369	777,691	698,177
Unconditional transfers from other governments	1,181,808	812,058	833,319
Conditional transfers from Federal and Provincial governments and agencies	100,880	99,537	164,838
Interest	238,642	401,333	393,892
Other	34,085	123,916	83,727
Rental and events	797,920	763,265	771,533
Food and beverage sales	<u>96,000</u>	<u>83,380</u>	<u>104,196</u>
	<u>9,937,580</u>	<u>10,076,133</u>	<u>9,950,666</u>
Expense			
General government services	1,848,360	1,826,125	1,765,343
Protective services	1,534,698	1,467,183	1,434,672
Transportation services	1,573,981	1,653,326	1,702,168
Environmental health services	1,918,436	1,922,987	1,836,533
Public health and welfare services	182,063	138,544	153,033
Environmental development services	1,132,007	1,114,462	1,070,078
Recreational and cultural services	<u>1,452,683</u>	<u>1,685,058</u>	<u>1,648,379</u>
	<u>9,642,228</u>	<u>9,807,685</u>	<u>9,610,206</u>
Annual surplus before the undernoted	295,352	268,448	340,460
Write-down of tangible capital assets	-	(19,553)	-
Gain on disposal of tangible capital assets	<u>-</u>	<u>34,509</u>	<u>-</u>
Annual surplus	<u>\$ 295,352</u>	<u>\$ 283,404</u>	<u>\$ 340,460</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 26,864,982	\$ 26,524,522
Annual surplus		<u>283,404</u>	<u>340,460</u>
Accumulated surplus, end of year		<u>\$ 27,148,386</u>	<u>\$ 26,864,982</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Yarmouth

Consolidated Statement of Financial Position

March 31

2015

2014

Financial Assets

Cash and cash equivalents - restricted	\$ 108,396	\$ 89,504
Cash and cash equivalents - unrestricted	9,473,148	8,531,992
Taxes receivable (Note 3)	757,184	746,110
Due from Federal government and its agencies	51,253	50,346
Due from Provincial government and its agencies	-	33,293
Due from own funds and agencies	20,700	290,235
Other receivables	593,847	493,054
Portfolio investment	94,636	-
Properties acquired at tax sale	17,142	17,871
	<u>11,116,306</u>	<u>10,252,405</u>

Financial Liabilities

Due to own funds and agencies	17,500	22,500
Payables and accruals	1,305,128	1,635,388
Prepayment of taxes	174,768	157,117
Deferred revenue (Note 4)	1,708,858	1,183,728
Tax sale surplus	100,599	88,778
Repayable contributions	114,303	174,158
Long-term debt (Note 5)	2,717,617	2,887,616
Defined benefit pension plan (Note 6)	126,763	124,100
Other post employment benefits (Note 7)	545,455	478,626
	<u>6,810,991</u>	<u>6,752,011</u>

→ NET FINANCIAL ASSETS

4,305,315 3,500,394

Non-Financial Assets

Tangible capital assets (Note 8)	22,757,206	23,305,175
Inventories	6,265	3,140
Prepaid expenses	79,600	56,273
	<u>22,843,071</u>	<u>23,364,588</u>

ACCUMULATED SURPLUS

\$ 27,148,386 \$ 26,864,982

Contingent liabilities (Note 9)
Commitments (Note 10)

On behalf of the Municipality of the District of Yarmouth

_____ Warden _____ CAO

See accompanying notes to the consolidated financial statements.

Municipality of the District of Yarmouth
Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31

2015

2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 295,352	\$ 283,404	\$ 340,460
Acquisition of tangible capital assets	(1,135,951)	(609,125)	(463,111)
Proceeds on disposal of tangible capital assets	-	42,437	-
Tangible capital assets acquired on change in ownership of controlled entity	-	(291)	-
Amortization of tangible capital assets	905,146	1,129,904	1,141,460
Write-down of tangible capital assets	-	19,553	-
Refund of deposit on tangible capital asset	-	-	-
Gain on disposal of tangible capital assets	-	(34,509)	-
	<u>64,547</u>	<u>831,373</u>	<u>1,018,809</u>
(Acquisition) use of prepaid assets and inventories	-	(26,452)	26,164
Increase in Net Financial Assets	<u>\$ 64,547</u>	<u>804,921</u>	<u>1,044,973</u>
Net Financial Assets, beginning of year		<u>3,500,394</u>	<u>2,455,421</u>
Net Financial Assets, end of year		<u>\$ 4,305,315</u>	<u>\$ 3,500,394</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Yarmouth

Consolidated Statement of Cash Flow

Year Ended March 31

2015

2014

Increase in cash and cash equivalents

Operating activities

Annual surplus	\$ 283,404	\$ 340,460
Amortization	1,129,904	1,141,460
Write-down of tangible capital assets	19,553	-
Gain on disposal of tangible capital assets	(34,509)	-

Change in non-cash items

Taxes receivable	(11,074)	(19,181)
Due from Federal Government and its agencies	(907)	(2,365)
Due from Provincial Government and its agencies	33,293	315,894
Due from own funds and agencies	269,535	(28,348)
Other receivables	(100,793)	(65,734)
Properties acquired at tax sale	729	-
Due to own funds and agencies	(5,000)	(8,582)
Payables and accruals	(330,260)	335,486
Prepayment of taxes	17,651	10,799
Deferred revenue	525,130	483,617
Tax sale surplus	11,821	847
Repayable contributions	(59,855)	(13,694)
Other post employment benefits	66,829	(39,003)
Defined benefit pension plan	2,663	-
Prepaid expenses and inventory	(26,452)	26,164
	<u>1,791,662</u>	<u>2,477,820</u>

Capital activities

Proceeds on disposal of tangible capital assets	42,437	-
Tangible capital assets acquired on change in ownership of controlled entity	(291)	-
Acquisition of tangible capital assets	(609,125)	(463,111)
	<u>(566,979)</u>	<u>(463,111)</u>

Financing activities

Repayments of long-term debt	(169,999)	(167,997)
------------------------------	-----------	-----------

Investing activities

Purchase of portfolio investment	(94,636)	-
----------------------------------	----------	---

Net increase in cash and cash equivalents 960,048 1,846,712

Cash and cash equivalents

Beginning of year	<u>8,621,496</u>	<u>6,774,784</u>
End of year	<u>\$ 9,581,544</u>	<u>\$ 8,621,496</u>

Cash and cash equivalents are comprised of:

Restricted cash	\$ 108,396	\$ 89,504
Unrestricted cash	<u>9,473,148</u>	<u>8,531,992</u>
	<u>\$ 9,581,544</u>	<u>\$ 8,621,496</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

1. Summary of significant accounting policies

The consolidated financial statements of the Municipality of the District of Yarmouth (the Municipality) are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants Canada.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Municipality.

Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are controlled by the Municipality. Along with the consolidation of the funds and reserves, the Municipality has consolidated its proportionate share as follows:

- Mariners Centre Management Authority – 50%
- Yarmouth & Acadian Shores Tourism Association – 33.33%
- Yarmouth Area Industrial Commission – 33.33%
- Yarmouth County Solid Waste Management Authority – 40.6%
- Yarmouth International Airport Corporation – 38.77%

Interdepartmental and organizational transactions and balances are eliminated upon consolidation.

Budget figures

The budget figures contained in these financial statements were approved by Council on May 27, 2014 in its original fiscal plan; they also include budgets prepared and approved by controlled entities and are adjusted for amortization in accordance with Public Sector requirements. Note 15 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these financial statements.

Revenue recognition

- (a) Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and a taxable event occurs, which for property taxes is the period for which the tax is levied.

At each financial statement date, management evaluates the extent to which its tax receivables are ultimately collectible and valuation allowances are used to reflect tax receivables at their net recoverable amount.

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

- (b) Sewer revenue is recorded in relation to the capital when the resident hooks up to the sewer service. Revenue is also recorded annually in relation to the maintenance fee charges.
- (c) Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.
- (d) Other revenue is recorded when it is earned.

Expenses

- (a) Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation.
- (b) Government transfers made to a recipient by the Municipality are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term highly liquid investments with original maturities of three months or less. Bank borrowings are considered to be financing activities. Cash proceeds from tax sales in excess of the arrears taxes receivable are deposited in a separate bank account and are restricted for a period of twenty years at which time the cash can be taken into operations. The balance of the tax sale surplus account at year end is \$100,599 (2014 - \$88,778).

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes the cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs such as storage costs, administrative overheads that do not contribute to bringing the inventories to their present location and condition, and selling costs are specifically excluded from the cost of inventories and are expensed in the period incurred.

Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories. Funding related to the purchase of capital assets is recorded as revenue when received. Donated assets are recorded at their estimated fair value at time of acquisition. The Municipality does not capitalize interest as part of the costs of its capital assets.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

1. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

Amortization for tangible capital assets is presented in the financial statements and is calculated on a straight-line basis over an asset's estimated useful life less any residual value as follows:

Land improvements	25 years
Buildings	40 years
Plants	25 years
Sidewalks	25 years
Sewer	50 years
Machinery and equipment	5-15 years
Vehicles	5 years
Capital lease	20 years
Landfill	5-25 years

School assets

On January 1, 1982 the Municipality of the District of Yarmouth in agreement with the Town of Yarmouth joined the Yarmouth District School Board. During the 1996 - 1997 year, these schools came under the operational control of the Southwest Regional School Board.

Under agreements, all school buildings on hand at December 31, 1981 will remain assets of the Municipality but are under the operational control of the school board until such time as the board no longer requires the asset for school purposes. At that time, control will revert back to the Municipality.

School buildings have not been recorded as tangible capital assets, as they are not currently under the control of the Municipality.

Post employment future benefits

The Municipality pays certain benefits on behalf of its retired employees. These post employment costs are recognized in the period in which the employees rendered their services to the Municipality. The determination of the accrued benefit obligations for post employment future benefits earned by employees incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other factors.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

1. Summary of significant accounting policies (continued)

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates that effect the amounts recorded in the financial statements. Management reviews the carrying amounts of items in the financial statements at each fiscal year end date to assess the need for revisions. Items in preparation of these consolidated financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to annual surplus as appropriate in the year they become known.

Significant items subject to management estimates include:

<u>Financial statement element</u>	<u>Management estimate</u>
Taxes receivable	Allowance for doubtful accounts
Other receivables	Allowance for doubtful accounts
Defined benefit pension plan	Accrued, unfunded liability
Other post employment benefits	Accrued liability
Tangible capital assets	Useful lives

Concentrations of credit risk

Concentrations of credit risk exist if a number of customers are engaged in similar economic activities or are located in the same geographic region, and indicate the relative sensitivity of the Municipality's performance to developments affecting a particular segment of borrowers or geographic region. Geographic credit risk exists for the Municipality due to most of its service being provided in the Municipality of the District of Yarmouth. The exposure to credit risk associated with the non-performance of these customers can be directly impacted by a decline in economic conditions which would impair the customers' ability to satisfy their obligations to the Municipality of the District of Yarmouth. In order to reduce this economic risk, the Municipality has comprehensive credit procedures in place whereby analyses are performed to control the collection of amounts due to it.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

2. Contributions to Boards and Commissions

The Municipality is required to finance the operations of various Boards and Commissions, along with the other Municipal Units in Yarmouth County to the extent of its participation based on assessment or population formula.

In addition to any budgeted contributions, the Municipal Units share in the deficits or surpluses of these Boards based on their sharing percentages. The Municipal Unit's share of the deficit is to be paid in the next fiscal year while a surplus is to be taken into the next year's estimates.

Regional Housing Authority - 10% Interest

During the year, the Municipality paid \$47,846 (2014 - \$32,266) to fund its share of the prior year's deficit.

Regional Library - 15.1% Interest

During the year, the Municipality paid \$65,394 (2014 - \$65,501) to the Regional Library. Grants from the provincial government pertaining to the Regional Library are received directly by the Library commencing in 1988.

Yarmouth-Argyle-Barrington District Planning Commission – 50% Interest

During the period, the Municipality contributed \$71,375 (2014 - \$66,091) as its share of the operations of the District Planning Commission.

Western Regional Solid Waste Management Authority (Waste Check) - 22.4% Interest

During the year, the Municipality contributed \$24,270 (2014 - \$12,129) as its share of the operation of Western Regional Solid Waste Management Authority.

Western Regional Enterprise Network – 8.33% Interest

During the year, the Municipality contributed \$31,110 (2014 - nil) as its share of the operation of Western Regional Enterprise Network.

3. Taxes receivable			<u>2015</u>	<u>2014</u>
	<u>Current</u>	<u>Prior</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ 746,110	\$ 746,110	\$ 726,929
Current year's tax levy	8,140,738	-	8,140,738	7,995,608
Interest	162,834	-	162,834	180,015
	<u>8,303,572</u>	<u>746,110</u>	<u>9,049,682</u>	<u>8,902,552</u>
Deduct				
Collections	7,694,387	514,244	8,208,631	8,073,323
Write-offs	38,867	-	38,867	38,119
	<u>7,733,254</u>	<u>514,244</u>	<u>8,247,498</u>	<u>8,111,442</u>
Less valuation allowance	-	45,000	45,000	45,000
Balance, end of year	<u>\$ 570,318</u>	<u>\$ 186,866</u>	<u>\$ 757,184</u>	<u>\$ 746,110</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

4. Deferred revenue	<u>2015</u>	<u>2014</u>
Sewer operating – Port Maitland	\$ 114,809	\$ 140,571
Sewer operating – South Ohio	4,372	2,364
Yarmouth Fire Department	26,632	12,111
Gas tax revenue	1,429,665	972,677
Operating revenue	<u>133,380</u>	<u>56,005</u>
	<u>\$1,708,858</u>	<u>\$1,183,728</u>

Deferred gas tax revenue included in total deferred revenue reported on the consolidated statement of financial position is made up of the following:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 972,677	\$ 486,877
Revenue		
Federal gas tax grants received	<u>456,988</u>	<u>485,790</u>
Balance, end of year	<u>\$1,429,665</u>	<u>\$ 972,677</u>

Deferred gas tax revenue represents gas tax funding received but not spent in accordance with *PS 3410 – Government Transfers*, which the Municipality applied prospectively beginning April 1, 2012. Since PS 3410 was applied prospectively, any gas tax funding received prior to April 1, 2012 remains in the Municipality's accumulated surplus, regardless if it has been spent or not. At March 31, 2015, \$425,814 (2014 - \$650,084) remains in accumulated surplus as gas tax funding received prior to April 1, 2012 that would otherwise be classified as deferred revenue. Gas tax funding is required to be spent on certain eligible projects in accordance with the Canada-Nova Scotia Federal Gas Tax agreement.

Sewer operating deferred revenue pertains to the excess of area rates over the operating expenditures of these sewer systems. These funds are earmarked for these specific systems and will be recorded as revenue as expenditures in these areas warrant. Sewer capital charges have been recorded as deferred revenue when assessed to the taxpayers. As these funds are used, they are included in the revenues of the operating fund.

Deferred operating revenue represents federal, provincial and municipal funding that has been provided to assist the Mariners Centre Management Authority, Yarmouth International Airport Corporation, Yarmouth Area Industrial Commission and Yarmouth & Acadian Shores Tourism Association. These amounts will be transferred to operations of these organizations as the related projects are completed.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

5. Long-term debt

	Balance April 1, <u>2014</u>	Repaid	Balance March 31, <u>2015</u>	Interest	Interest rate
Municipal Finance Corporation, due 2023	\$ 2,500,000	\$ (100,000)	\$ 2,400,000	\$ 128,446	3.10% - 5.480%
Municipal Finance Corporation, due 2019	255,000	(42,500)	212,500	9,541	4.75% - 5.375%
Yarmouth Area Industrial Commission – Royal Bank term loan, due 2016	<u>132,616</u>	<u>(27,499)</u>	<u>105,117</u>	<u>5,946</u>	5.10%
	<u>\$ 2,887,616</u>	<u>\$ (169,999)</u>	<u>\$ 2,717,617</u>	<u>\$ 143,933</u>	

Principal repayments required during the next five years on long-term debt are as follows:

2016	\$ 171,362
2017	172,869
2018	174,455
2019	156,433
2020	142,500

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

6. Defined benefit pension plan

The Municipality of the District of Yarmouth sponsors a contributory defined benefit pension plan for a retired Municipal Clerk. The plan provides pension benefits for services which is determined using a final average salary formula in which the benefit is calculated as a specified percentage of the member's average salary over the last five years of membership in the plan.

Actuarial valuations for accounting purposes are performed triennially using the projected unit credit method. The most recent actuarial valuation was prepared at March 31, 2014 and at that time the pension plan had an accrued benefit obligation of \$126,763.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Municipalities' best estimates.

The following summarizes the major assumptions in the valuation:

- the expected inflation rate is 2.5 percent;
- the discount rate used to determine the accrued benefit obligation is 5 percent;
- the expected rate of return is 5 percent; and
- retirement age is 65.

Combined employer and employee contributions during the year were \$28,550 (2014 - \$23,411).

Pension fund assets are valued at market values. A result of the 2014 valuation is as follows:

Market value of the pension plan asset	\$ 374,765
Accrued benefit obligation	<u>501,528</u>
Pension plan deficit	<u>\$ (126,763)</u>

Under Nova Scotia Pension Plan regulations, the Municipality has 15 years to fund the deficit arising from the valuation. Service Nova Scotia and Municipal Relations have released the Financial Reporting manual which indicates that a Municipality will have up to 5 years to rate for any deficit incurred from recording this liability.

The Yarmouth Area Industrial Commission was a co-sponsor of an individual pension plan for a past employee. The plan provided pension benefits for services after January 1, 1995.

The actuarial valuation performed was calculated on a wind up basis as of June 11, 2010. At that time the pension plan had a total deficit of \$158,025. The Commission is required to fund \$3,144 of the total pension deficit.

Pension fund assets were valued at market values. Results of the 2010 valuation are as follows:

Market value of the pension plan asset	\$ 275,053
Accrued benefit obligation	<u>433,078</u>
Pension plan deficit	<u>\$ (158,025)</u>

The funding deficiency indicated in the report by participating employer is \$3,144 for the Yarmouth Area Industrial Commission and \$154,881 for the South West Shore Development Authority ("SWSDA").

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

7. Other post employment benefits

Sick leave - The Municipality is liable for accumulated sick leave to a maximum of 150 unused days for each employee. At March 31, 2015, the maximum amount that would have to be paid to all employees amounted to \$437,624 (2014 - \$391,342). Upon retirement an employee who has not abused their sick leave is eligible for a sick leave retirement package. After 10 years of employment, the employee can receive a portion of their accumulated sick leave. The total liability recorded in these financials pertaining to this contingency as at March 31, 2015 was \$231,209 (2014 - \$202,235). This figure is based upon historical information and the likeliness of the sick leave to be used and awarded to the employee. No actuarial valuation has been performed pertaining to this liability as it is deemed to be a flat rate plan.

Service award retirement package – After 10 years of service at the Municipality, an employee will receive a retirement service package. The amount of the package is based on the salary earned in the final year of service multiplied by 2% and the number of years of service. The total amount of this liability as at March 31, 2015 of \$291,582 (2014 - \$255,024) has been recorded as a liability in these financials. This figure was determined based upon the likeliness of the employee retiring and the funds being paid out by the Municipality. No actuarial valuation of this obligation has been completed as it is determined to be a flat rate plan.

Pension package – During the year the Municipality contributed to their employees defined contribution pension plans at a maximum rate of 13% of total wages. The contribution rate varies depending on the years of service. Contributions for the year totaled \$119,467 (2014 - \$99,913). As of March 31, 2015, there were no required future contributions in respect of past service and all contributions required under the plan had been funded.

Municipality of the District of Yarmouth
Notes to the Consolidated Financial Statements

March 31, 2015

8. Tangible capital assets

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Plants</u>	<u>Sidewalks</u>	<u>Sewer</u>	<u>Equipment & Machinery</u>
Cost							
Balance, beginning of year	\$ 1,074,397	\$ 1,368,148	\$ 18,711,058	\$ 2,561,607	\$ 3,484,202	\$ 5,645,501	\$ 2,346,346
Add							
Net additions during the year	-	15,859	62,110	254,924	-	-	99,732
Additions due to change in ownership	-	-	-	-	-	-	626
Reclassification of amounts	-	-	21,943	-	-	-	-
Less							
Reclassification of amounts	-	-	-	-	-	-	-
Disposals during the year	<u>(7,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>1,066,497</u>	<u>1,384,007</u>	<u>18,795,111</u>	<u>2,816,531</u>	<u>3,484,202</u>	<u>5,645,501</u>	<u>2,446,704</u>
Accumulated amortization							
Balance, beginning of year	-	202,506	5,100,597	1,878,080	977,758	2,742,295	1,548,539
Add							
Amortization during the year	-	55,634	461,247	52,570	137,745	153,142	145,775
Impairment write down	-	-	19,553	-	-	-	-
Additions due to change in ownership	-	-	-	-	-	-	335
Less							
Accumulated amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>-</u>	<u>258,140</u>	<u>5,581,397</u>	<u>1,930,650</u>	<u>1,115,503</u>	<u>2,895,437</u>	<u>1,694,649</u>
NET BOOK VALUE	<u>\$ 1,066,497</u>	<u>\$ 1,125,867</u>	<u>\$ 13,213,714</u>	<u>\$ 885,881</u>	<u>\$ 2,368,699</u>	<u>\$ 2,750,064</u>	<u>\$ 752,055</u>

Municipality of the District of Yarmouth
Notes to the Consolidated Financial Statements

March 31, 2015

8. Tangible capital assets (continued)

	<u>Vehicles</u>	<u>Capital Lease</u>	<u>Work in Progress</u>	<u>Landfill</u>	<u>2015 Total</u>	<u>2014 Total</u>
Cost						
Balance, beginning of year	\$ 392,835	\$ 123,280	\$ 21,943	\$ 613,783	\$ 36,343,100	\$ 35,879,989
Add						
Net additions during the year	68,725	-	107,775	-	609,125	463,111
Additions due to change in ownership	-	-	-	-	626	-
Reclassification of amounts	-	-	-	-	21,943	-
Less						
Reclassification of amounts	-	-	(21,943)	-	(21,943)	-
Disposals during the year	(833)	-	-	-	(8,733)	-
Balance, end of year	<u>460,727</u>	<u>123,280</u>	<u>107,775</u>	<u>613,783</u>	<u>36,944,118</u>	<u>36,343,100</u>
Accumulated amortization						
Balance, beginning of year	318,235	58,673	-	211,242	13,037,925	11,896,465
Add						
Amortization during the year	38,577	6,164	-	79,050	1,129,904	1,141,460
Impairment write-down	-	-	-	-	19,553	-
Additions due to change in ownership	-	-	-	-	335	-
Less						
Accumulated amortization on disposals	(805)	-	-	-	(805)	-
Balance, end of year	<u>356,007</u>	<u>64,837</u>	<u>-</u>	<u>290,292</u>	<u>14,186,912</u>	<u>13,037,925</u>
NET BOOK VALUE	<u>\$ 104,720</u>	<u>\$ 58,443</u>	<u>\$ 107,775</u>	<u>\$ 323,491</u>	<u>\$ 22,757,206</u>	<u>\$ 23,305,175</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

9. Contingent liabilities

Harbour South Medical Clinic & Pubnico Head Medical Clinic

The Municipality has agreed to fund 33.33% of any deficit arising from both facilities. During the current year the Municipality has contributed \$13,069 (2014 - \$34,058) towards the operating deficit of the Harbour South Medical Clinic. During the current year the Municipality has contributed \$45,262 (2014 - \$41,642) towards the operating deficit of the AM Clarke Medical Clinic (Pubnico).

Defined benefit pension plan

The Yarmouth Area Industrial Commission (the Commission) is a co-sponsor of an individual pension plan (Note 6). The pension plan liability as outlined in the most recent actuarial report has been recorded on a proportionate basis in their financial statements, however, significant uncertainties exist surrounding the potential obligation for the pension plan due to South West Shore Development Authority's ongoing receivership and approvals related to the date of plan wind-up. Due to these significant uncertainties, it cannot be determined at this time whether the Commission will be required to fund the pension plan obligation for an amount in excess of what has been currently recorded. Based on the most recent actuarial valuation, the maximum potential obligation in excess of what has been currently recorded in proportion to the Municipality is approximately \$51,627.

10. Commitments

Organic waste collection and disposal contract

The Municipality has entered into a contract with Wasteco Ltd. for the handling and disposal of organic waste. The duration of the contract is five years commencing April 1, 2015 and the estimated annual payments for the next five years are as follows:

2016	\$396,285
2017	\$408,179
2018	\$420,425
2019	\$433,037
2020	\$466,028

Domtex building demolition

On October 30, 2014, the Yarmouth Area Industrial Commission's Board of Directors approved a motion to begin gathering information regarding the demolition of the Domtex building. The Commission's management's estimate of costs to demolish the building is \$3,000,000. The timeframe for demolition and future intent for the demolished site has yet to be determined. Although no formal commitment has been made, the expectation is that the Town of Yarmouth, Municipality of the District of Yarmouth and the Municipality of the District of Argyle will fund the demolition costs as required to keep the Commission in a viable financial state subsequent to the completion of the demolition. The Municipality of the District of Yarmouth would be responsible for funding approximately 33.33% of the costs of demolition, as that is the Municipality's proportionate ownership in the Commission.

Hebron sidewalk phase II reconstruction

The Municipality has committed to phase II of reconstruction of the Hebron sidewalk. The estimated cost to complete the project is \$339,679 plus HST.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

11. Loans receivable

During 2008, the Municipality advanced \$104,703 to the Valley & District Volunteer Fire Department and took back a variable rate mortgage that is repayable in semi-annually installments of \$10,448 including principal and interest to be amortized over fifteen years. Due to overpayments made by the Valley & District Volunteer Fire Department, the Municipality has a payable of \$10,000 at March 31, 2015 (2014 – \$10,000).

During 2010, the Municipality advanced \$150,000 to the Carleton & District Volunteer Fire Department and took back a variable rate mortgage that is repayable in monthly installments of \$1,420 including principal and interest to be amortized over ten years. The principal balance receivable at March 31, 2015 was \$18,877 (2014 - \$35,222).

During 2011 & 2012, the Municipality advanced \$42,401 and \$71,189 to the Lakes & District Volunteer Fire Department and took back a variable rate mortgage that is repayable in monthly installments of \$1,136 including principal and interest to be amortized over ten years. The principal balance receivable at March 31, 2015 was \$47,340 (2014 - \$70,285).

During 2012, the Municipality advanced \$140,000 to the Lake Vaughan & District Volunteer Fire Department and took back a variable rate mortgage that is repayable in monthly installments of \$2,007 including principal and interest to be amortized over five years. The principal balance receivable at March 31, 2015 was \$698 (2014 - \$36,780).

During 2015, the Municipality advanced \$120,000 to the Kemptville Volunteer Fire Department and took back a variable rate mortgage that is repayable in monthly installments of \$1,159 including principal and interest to be amortized over ten years. The principal balance receivable at March 31, 2015 was \$111,170.

12. Remuneration

The total remuneration (including non-taxable allowances) paid to councillors and the Chief Administrative Officer during the year ended March 31, 2015 was as follows:

<u>Council Members</u>	<u>Remuneration</u>
Murray Goodwin – Warden	\$ 35,378
Stephen Paquette – Deputy Warden	24,456
Richard Churchill - Councillor	21,060
Leland Anthony – Councillor	21,060
Gerard LeBlanc – Councillor	21,060
Jonathan Cunningham - Councillor	21,060
Trevor Cunningham - Councillor	21,060
Kenneth Moses - Chief Administrative Officer	131,148

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

13. Segment disclosure

The Municipality is diversified municipal unit that provides a wide range of services to its citizens. For management reporting purposes the Town's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipality services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

General Government Services

This department is responsible for the overall financial and local government administration. Its tasks include tax billings and payments, accounts payable and receivables, budgets and financial statements, adherence to the Municipal Government Act, information technology management, administration and maintenance of bylaws and change of address.

Protective Services

This department is responsible for ensuring the safety of the residents. Its tasks include bylaw enforcement, animal control, emergency measures and maintaining the radio dispatch system.

Transportation Services

This department is responsible for transportation services within the Municipality. Its tasks include maintaining roads and sidewalks, street lighting, maintaining the airport and administering public transit.

Environmental Health Services

This department is responsible for the maintenance and operations of waste and sewer services provided to residents and other customers. Its tasks include recycling, composting and sewer hook-up.

Public Health and Welfare Services

This department is responsible for recruiting doctors and maintaining a consistent level of medical services within the Municipality.

Environmental Development Services

This department is responsible for the planning and development within the Municipality. Its tasks include developing strategies and planning reports, issuing development permits and approving subdivision applications.

Recreation and Cultural Services

This department is responsible for promoting and offering recreation opportunities and activities to the Municipality's residents.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

13. Segment disclosure (continued)

	General government	Protective	Transportation	Environmental health	Public health	Environmental development	Recreation and cultural	2015 Consolidated
Revenue								
Taxes	\$ 1,212,656	\$ 974,297	\$ 1,097,907	\$ 1,276,977	\$ 92,002	\$ 740,069	\$ 1,118,979	\$ 6,512,887
Grants in lieu of taxes	6,092	4,894	5,515	6,416	462	3,718	5,621	32,718
Services provided to other governments	-	-	-	-	-	-	303,155	303,155
Sales of service	-	-	46,348	-	-	70,606	49,239	166,193
Other revenue from own sources	232,448	-	-	545,243	-	-	-	777,691
Unconditional transfers from other governments	159,210	-	347,555	-	38,887	201,198	65,208	812,058
Conditional transfers from Federal and Provincial governments or agencies	-	-	-	-	-	99,537	-	99,537
Interest	393,655	-	-	3,120	-	4,101	457	401,333
Other	2,608	-	494	19,183	-	101,631	-	123,916
Rental and events	-	-	-	-	-	506,899	256,366	763,265
Food and beverage sales	-	-	-	-	-	-	83,380	83,380
	<u>2,006,669</u>	<u>979,191</u>	<u>1,497,819</u>	<u>1,850,939</u>	<u>131,351</u>	<u>1,727,759</u>	<u>1,882,405</u>	<u>10,076,133</u>
Expense								
Salaries and benefits	1,022,608	202,901	482,260	78,373	-	235,392	741,409	2,762,943
Goods and services	332,351	1,195,012	723,242	1,314,257	138,544	568,618	333,101	4,605,125
Amortization	147,236	-	205,313	319,925	-	146,691	310,737	1,129,902
Interest	-	-	1,207	137,987	-	6,254	-	145,448
Other	323,930	69,270	241,304	72,445	-	157,507	299,811	1,164,267
	<u>1,826,125</u>	<u>1,467,183</u>	<u>1,653,326</u>	<u>1,922,987</u>	<u>138,544</u>	<u>1,114,462</u>	<u>1,685,058</u>	<u>9,807,685</u>
Annual surplus (deficit)	<u>\$ 180,544</u>	<u>\$ (487,992)</u>	<u>\$ (155,507)</u>	<u>\$ (72,048)</u>	<u>\$ (7,193)</u>	<u>\$ 613,297</u>	<u>\$ 197,347</u>	<u>\$ 268,448</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

14. Subsidiary operations

						<u>2015</u>	<u>2014</u>
	Mariners Centre Management Authority	Yarmouth International Airport Corporation	Yarmouth County Solid Waste Management Authority	Yarmouth Area Industrial Commission	Yarmouth and Acadian Shores Tourism Association	<u>Total</u>	<u>Total</u>
Revenue							
Rental and events	\$ 256,366	\$ -	\$ -	\$ 195,849	\$ -	\$ 452,215	\$ 461,127
Food and beverage sales	83,380	-	-	-	-	83,380	104,196
Sales of service	49,239	46,348	-	38,469	32,137	166,193	185,172
Federal, provincial & municipal grants	99,249	428,999	-	348,640	137,523	1,014,411	1,000,889
Other revenue from own sources	-	-	650,059	-	-	650,059	609,918
Interest	457	-	3,120	4,101	-	7,678	3,936
Other	-	494	19,183	67,687	-	87,364	82,109
	<u>488,691</u>	<u>475,841</u>	<u>672,362</u>	<u>654,746</u>	<u>169,660</u>	<u>2,461,300</u>	<u>2,447,347</u>
Expense	<u>702,896</u>	<u>441,410</u>	<u>658,083</u>	<u>535,277</u>	<u>158,338</u>	<u>2,496,004</u>	<u>2,700,410</u>
Annual surplus (deficit)	<u>\$ (214,205)</u>	<u>\$ 34,431</u>	<u>\$ 14,279</u>	<u>\$ 119,469</u>	<u>\$ 11,322</u>	<u>\$ (34,704)</u>	<u>\$ (253,063)</u>
Financial assets	\$ 134,126	\$ 101,785	\$ 327,321	\$ 160,484	\$ 79,039	\$ 802,755	\$ 612,982
Financial liabilities	171,064	100,532	38,752	242,148	42,450	594,946	799,345
Net financial assets (debt)	<u>(36,938)</u>	<u>1,253</u>	<u>288,569</u>	<u>(81,664)</u>	<u>36,589</u>	<u>207,809</u>	<u>(186,363)</u>
Non-financial assets	<u>4,144,681</u>	<u>148,084</u>	<u>953,303</u>	<u>2,556,282</u>	<u>1,296</u>	<u>7,803,646</u>	<u>8,225,887</u>
Accumulated surplus	<u>\$ 4,107,743</u>	<u>\$ 149,337</u>	<u>\$ 1,241,872</u>	<u>\$ 2,474,618</u>	<u>\$ 37,885</u>	<u>\$ 8,011,455</u>	<u>\$ 8,039,524</u>

These amounts are included in the consolidated statement of financial activities.
This schedule does not take into account inter-organization eliminations.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

15. Budget figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations and statement of changes in net assets has been adjusted to be on a consistent basis as actual results. The adjustments below include netting school board appropriations and reduced taxes against tax revenues, reclassification of revenues and expenditures amongst categories, and the elimination of revenues and expenditures between the Municipality and its proportionately consolidated entities. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statement:

	Approved Fiscal Plan	Adjustments	Fiscal Plan Per Financial Statements
Revenue			
Taxes	\$ 9,323,558	\$ (3,012,027)	\$ 6,311,531
Grants in lieu of taxes	32,720	-	32,720
Services provided to other governments	318,419	-	318,419
Sales of service	137,206	-	137,206
Other revenue from own sources	1,440,453	(752,084)	688,369
Unconditional transfers from other governments	1,411,524	(229,716)	1,181,808
Conditional transfers from Federal and Provincial governments and agencies	100,880	-	100,880
Interest	3,642	235,000	238,642
Other	34,085	-	34,085
Rental and events	484,338	313,582	797,920
Food and beverage sales	96,000	-	96,000
Other transfers	139,751	(139,751)	-
	<u>13,522,576</u>	<u>(3,584,996)</u>	<u>9,937,580</u>
Expense			
General government services	1,705,114	143,246	1,848,360
Protective services	2,478,356	(943,658)	1,534,698
Transportation services	1,544,258	29,723	1,573,981
Environmental health services	1,675,674	242,762	1,918,436
Public health and welfare services	196,394	(14,331)	182,063
Environmental development services	1,188,077	(56,070)	1,132,007
Recreational and cultural services	1,423,428	29,255	1,452,683
Fiscal services	3,458,370	(3,458,370)	-
	<u>13,669,671</u>	<u>(4,027,443)</u>	<u>9,642,228</u>
Annual surplus before the undernoted	<u>\$ (147,095)</u>	<u>\$ (442,447)</u>	<u>\$ 295,352</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2015

16. Reserves

The following is the non-consolidated accumulated surplus of the reserves at the end of the year:

	<u>2015</u>	<u>2014</u>
Operating	<u>\$ 3,091,577</u>	<u>\$ 2,772,043</u>
Capital	<u>\$ 2,850,832</u>	<u>\$ 2,808,474</u>

The reserve balances comprise a portion of accumulated surplus in these consolidated financial statements.

17. Trust funds

The Trust Funds being administered by the Municipality of the District of Yarmouth are not consolidated with the accounts of the Municipality. At March 31, 2015, the equity in Trust Funds under its trusteeship amounted to \$7,022 (2014 - \$6,883).

18. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform with the presentation of the 2015 financial statements. The changes do not affect prior year net financial assets or accumulated surplus.
