



Consolidated Financial Statements

Municipality of the District of Yarmouth

March 31, 2014

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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, 2014 and the statement of operations, and changes in net financial assets and changes in financial position 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, 2014, and the results of its operations, changes in net financial assets and changes in financial position for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Grant Thornton LLP

Yarmouth, Canada
September 24, 2014

Chartered Accountants

Municipality of the District of Yarmouth

Management's Responsibility for Financial Reporting

March 31, 2014

The accompanying consolidated financial statements of Municipality of the District of Yarmouth are the responsibility of management and have been approved by Council.

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Municipality of the District of Yarmouth maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately accounted for and adequately safeguarded.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Audit Committee, as appointed by Council, meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the 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.

On behalf of Municipality of the District of Yarmouth:

Warden



Chief Administrative Officer



Municipality of the District of Yarmouth

Consolidated Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Taxes	\$ 6,162,737	\$ 6,356,010	\$ 6,355,225
Grants in lieu of taxes	33,200	31,742	22,549
Services provided to other governments	313,516	328,060	304,047
Sales of service	159,139	185,172	192,809
Other revenue from own sources	556,484	698,177	614,559
Unconditional transfers from other governments	1,100,463	833,319	755,680
Conditional transfers from Federal and Provincial governments and agencies	117,298	164,838	190,566
Grants for capital purposes	-	-	597,531
Interest	227,830	393,892	380,186
Other	27,435	83,727	77,826
Rental and events	781,561	771,533	807,783
Food and beverage sales	<u>120,750</u>	<u>104,196</u>	<u>122,956</u>
	<u>9,600,413</u>	<u>9,950,666</u>	<u>10,421,717</u>
Expenditures			
General government services	1,953,134	1,765,343	1,737,298
Protective services	1,585,704	1,434,672	1,460,661
Transportation services	1,453,234	1,702,168	1,420,114
Environmental health services	1,796,557	1,836,533	1,856,845
Public health and welfare services	183,075	153,033	185,648
Environmental development services	1,104,675	1,070,078	996,249
Recreational and cultural services	<u>1,474,806</u>	<u>1,648,379</u>	<u>1,634,844</u>
	<u>9,551,185</u>	<u>9,610,206</u>	<u>9,291,659</u>
Annual surplus before the undernoted	49,228	340,460	1,130,058
Excess of fair value over purchase price of contributed assets and loans	-	-	1,406,300
Adjustment of tangible capital assets transferred	-	-	(1,870,407)
Annual surplus	<u>\$ 49,228</u>	<u>\$ 340,460</u>	<u>\$ 665,951</u>
Accumulated surplus, beginning of year		\$ 26,524,522	\$ 25,858,571
Annual surplus		<u>340,460</u>	<u>665,951</u>
Accumulated surplus, end of year		<u>\$ 26,864,982</u>	<u>\$ 26,524,522</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Yarmouth

Consolidated Statement of Financial Position

March 31

2014

2013

Financial Assets

Cash and cash equivalents - restricted	\$ 89,504	\$ 87,733
Cash and cash equivalents - unrestricted	8,531,992	6,687,051
Taxes receivable (Note 4)	746,110	726,929
Due from Federal government and its agencies	50,346	47,981
Due from Provincial government and its agencies	33,293	349,187
Due from own funds and agencies	290,235	261,887
Other receivables	493,054	427,320
Properties acquired at tax sale	17,871	17,871
	<u>10,252,405</u>	<u>8,605,959</u>

Financial Liabilities

Due to own funds and agencies	22,500	31,082
Payables and accruals	1,635,388	1,299,902
Prepayment of taxes	157,117	146,318
Deferred revenue (Note 5)	1,183,728	700,111
Tax sale surplus	88,778	87,931
Repayable contributions	174,158	187,852
Long-term debt (Note 6)	2,887,616	3,055,613
Defined benefit pension plan (Note 7)	124,100	124,100
Other post employment benefits (Note 8)	478,626	517,629
	<u>6,752,011</u>	<u>6,150,538</u>

NET FINANCIAL ASSETS

3,500,394 2,455,421

Non-Financial Assets

Tangible capital assets (Note 9)	23,305,175	23,983,524
Inventories	3,140	5,931
Prepaid expenses	56,273	79,646
	<u>23,364,588</u>	<u>24,069,101</u>

ACCUMULATED SURPLUS

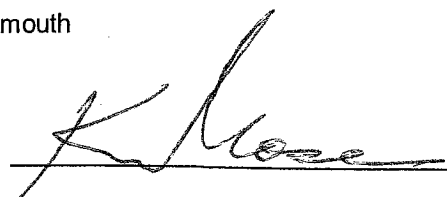
\$ 26,864,982 \$ 26,524,522

Contingent liability (Note 11)

Commitments (Note 12)

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 Change in Net Financial Assets

Year Ended March 31

2014

2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 49,228	\$ 340,460	\$ 665,951
Acquisition of tangible capital assets	(935,080)	(463,111)	(1,762,651)
Proceeds on disposal of tangible capital assets	-	-	69,780
Fair value adjustment of tangible capital assets upon transfer	-	-	508,704
Amortization of tangible capital assets	912,015	1,141,460	1,159,797
Write down of tangible capital assets	-	-	-
Refund of deposit on tangible capital asset	-	-	-
Gain on transfer/disposal of tangible capital assets	-	-	(25,265)
	<u>26,163</u>	<u>1,018,809</u>	<u>616,316</u>
Use of prepaid assets and inventories	-	26,164	(28,883)
Increase in Net Financial Assets	<u>\$ 26,163</u>	<u>1,044,973</u>	<u>587,433</u>
Net Financial Assets, beginning of year		<u>2,455,421</u>	<u>1,867,988</u>
Net Financial Assets, end of year		<u>\$ 3,500,394</u>	<u>\$ 2,455,421</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Yarmouth

Consolidated Statement of Changes in Cash Flow

Year Ended March 31

2014

2013

Increase in cash and cash equivalents

Operating activities

Annual surplus	\$ 340,460	\$ 665,951
Change in non-cash items		
Amortization	1,141,460	1,159,797
Taxes receivable	(19,181)	(21,884)
Due from Federal Government and its agencies	(2,365)	32,928
Due from Provincial Government and its agencies	315,894	63,893
Due from own funds and agencies	(28,348)	268,532
Other receivables	(65,734)	(10,896)
Due to own funds and agencies	(8,582)	(101,419)
Payables and accruals	335,486	(38,657)
Prepayment of taxes	10,799	5,549
Deferred revenue	483,617	470,462
Tax sale surplus	847	782
Repayable contributions	(13,694)	139,141
Other post employment benefits	(39,003)	51,871
Prepaid expenses and inventory	<u>26,164</u>	<u>(28,883)</u>
	<u>2,477,820</u>	<u>2,657,167</u>

Capital activities

Proceeds on disposal of tangible capital assets	-	69,780
Gain on transfer/disposal of tangible capital assets	-	(25,265)
Fair value adjustment of tangible capital assets upon transfer	-	508,704
Acquisition of tangible capital assets	<u>(463,111)</u>	<u>(1,762,651)</u>
	<u>(463,111)</u>	<u>(1,209,432)</u>

Financing activities

Repayments of long-term debt	<u>(167,997)</u>	<u>(261,348)</u>
Net increase in cash and cash equivalents	1,846,712	1,186,387
Cash and cash equivalents		
Beginning of year	<u>6,774,784</u>	<u>5,588,397</u>
End of year	<u>\$ 8,621,496</u>	<u>\$ 6,774,784</u>

Cash and cash equivalents are comprised of:

Restricted cash	\$ 89,504	\$ 87,733
Unrestricted cash	<u>8,531,992</u>	<u>6,687,051</u>
	<u>\$ 8,621,496</u>	<u>\$ 6,774,784</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

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 the Canadian Institute of Chartered Accountants.

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 owned or controlled by the Municipality. Along with the consolidation of the funds and reserves, the Municipality has consolidated its proportionate share of the Mariners Centre Management Board, the Yarmouth International Airport Corporation, Yarmouth & Acadian Shores Tourism Association, the Yarmouth Area Industrial Commission and the Yarmouth County Solid Waste Management Authority.

Interdepartmental and organizational transactions and balances are eliminated.

Budget figures

The budget figures contained in these financial statements were approved by Council on May 21, 2013 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 17 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these financial statements.

Revenue recognition

- (a) Tax revenue is property tax billings which are prepared by the Municipality based on assessment rolls issued by the Province of Nova Scotia. Tax rates are established annually by Council. Taxes are billed based on the assessment rolls provided by the Province of Nova Scotia. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.
- (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.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

(c) Revenue from provincial or federal governments without eligibility criteria or stipulations is recognized as revenue by the Municipality when the transfer is authorized. Revenue with eligibility criteria is recognized as revenue by the Municipality when the transfer is authorized and all eligibility criteria have been met. Revenue with stipulations is recognized as revenue by the Municipality when the transfer is authorized and all stipulations have been met.

(d) Other revenue is recorded when it is earned.

Expenditures

Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits 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 \$88,778 (2013 - \$87,733).

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 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. 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.

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

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

1. Summary of significant accounting policies (continued)

Use of estimates

The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates that effect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Financial instruments

The fair values of cash, receivables and payables are assumed to approximate their carrying amounts because of their short term to maturity. The fair value of long-term debt is assumed to approximate its carrying amount.

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.

Segmented information

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

Municipal 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.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

1. Summary of significant accounting policies (continued)

Segmented information (continued)

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.

2. Contributions to Boards and Commissions

Boards in which the Municipality has less than 100% interest

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 \$32,266 (2013 - \$36,187) to fund its share of the prior year's deficit.

Regional Library - 15.1% Interest

During the year, the Municipality paid \$65,501 (2013 - \$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 \$66,091 (2013 - \$52,000) 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 \$12,129 (2013 - \$23,986) as its share of the operation of Western Regional Solid Waste Management Authority.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

3. Consolidation of government units

Along with the consolidation of its funds and reserves, the Municipality has also consolidated the financial activity of the following government units:

Yarmouth International Airport Corporation – 38.77% Interest

The Yarmouth International Airport Corporation was formed as a municipal corporation under the municipal government act. The Corporation's mandate is to operate the Yarmouth International Airport and develop the property and services. During the fiscal year, the Municipality of the District of Yarmouth paid operating grants for a total of \$421,357 (2013 - \$236,800) to the Corporation. The Airport Corporation's net assets and operations have been proportionately consolidated as part of these financial statements in accordance with Public Sector Accounting Standards.

Mariners Centre Management Board – 50% Interest

The Town of Yarmouth and the Municipality of the District of Yarmouth acquired the lands, buildings, structures, machinery and equipment of the Yarmouth County Agricultural Society. The land was used to develop the site for the Mariners Centre Facility which the Town of Yarmouth and the Municipality of the District of Yarmouth agreed to fund equally. The Municipality of the District of Yarmouth has a 50% interest in the Mariners Centre which is operated under an agreement with the Town of Yarmouth. Contributions to the Mariners Centre Management Board amounted to \$80,000 (2013 - \$162,163) in the current year. The Mariners Centre's net assets and operations have been proportionately consolidated as part of these financial statements in accordance with Public Sector Accounting Standards.

Yarmouth County Solid Waste Management Authority – 40.603% Interest

The Yarmouth County Solid Waste Management Authority is a joint operation controlled by the Municipality of the District of Yarmouth, the Municipality of the District of Argyle and the Town of Yarmouth. The Authority's net assets and operations have been proportionately consolidated as part of these financial statements in accordance with Public Sector Accounting Standards.

Yarmouth Area Industrial Commission – 33.333% Interest

The purpose of the Industrial Commission is focused on four primary goals; to incubate business through ownership of a variety of facilities in Yarmouth County, to operate the Port of Yarmouth, to facilitate and develop the restoration of ferry service from Nova Scotia to New England and the ownership and management of the AM Clarke Health Center and the Harbour South Medical Clinic. During the fiscal year, the Municipality of the District of Yarmouth expensed \$162,633 (2013 - \$178,658) in operating grants for these purposes. The Yarmouth Area Industrial Commission's net assets and operations have been proportionately consolidated as part of these financial statements in accordance with Public Sector Accounting Standards.

Yarmouth-Acadian Shores Tourism Association – 25% Interest

The Yarmouth & Acadian Shores Tourism Association was incorporated on April 1, 2010 to assist the Municipality of the District of Yarmouth, Town of Yarmouth, Municipality of the District of Argyle and the Municipality of the District of Clare with tourism development in the area. During the fiscal year the Municipality of Yarmouth paid operating grants in the amount of \$85,817 (2013 - \$42,348) to the Association. The Association's net assets and operations have been proportionately consolidated as part of these financial statements in accordance with Public Sector Accounting Standards.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

4. Taxes receivable			<u>2014</u>	<u>2013</u>
	<u>Current</u>	<u>Prior</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ 726,929	\$ 726,929	\$ 705,045
Current year's tax levy	7,995,608	-	7,995,608	7,871,691
Interest	180,015	-	180,015	175,031
	<u>8,175,623</u>	<u>726,929</u>	<u>8,902,552</u>	<u>8,751,767</u>
Deduct				
Collections	7,529,189	544,134	8,073,323	7,956,611
Write-offs	38,119	-	38,119	38,227
	<u>7,567,308</u>	<u>544,134</u>	<u>8,111,442</u>	<u>7,994,838</u>
Less valuation allowance	-	45,000	45,000	30,000
Balance, end of year	<u>\$ 608,315</u>	<u>\$ 137,795</u>	<u>\$ 746,110</u>	<u>\$ 726,929</u>

5. Deferred revenue			<u>2014</u>	<u>2013</u>
Sewer operating – Port Maitland			\$ 140,571	\$ 134,348
Sewer operating – South Ohio			2,364	-
Deferred gas tax revenue			972,677	486,887
Yarmouth Fire Department			12,111	-
Deferred operating revenue			<u>56,005</u>	<u>78,876</u>
			<u>\$1,183,728</u>	<u>\$ 700,111</u>

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 gas tax revenues represents gas tax funding received but not spent in accordance with *PS 3410 – Government Transfers*, which was 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. Gas tax funding is required to be spent on certain eligible projects in accordance with the Canada-Nova Scotia Federal Gas Tax agreement.

Deferred operating revenue represents federal, provincial and municipal funding that has been provided to assist the Mariners Centre Management Board, 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, 2014

6. Long-term debt

	Balance April 1, <u>2013</u>	<u>Repaid</u>	Balance March 31, <u>2014</u>	<u>Interest</u>	<u>Interest rate</u>
Municipal Finance Corporation, due 2023	\$ 2,600,000	\$ (100,000)	\$ 2,500,000	\$ 137,549	3.10% - 5.480%
Municipal Finance Corporation, due 2019	297,500	(42,500)	255,000	10,546	4.75% - 5.375%
Yarmouth Area Industrial Commission – Royal Bank term loan, due 2016	<u>158,113</u>	<u>(25,497)</u>	<u>132,616</u>	<u>8,456</u>	5.10%
	<u>\$ 3,055,613</u>	<u>\$ (550,997)</u>	<u>\$ 2,887,616</u>	<u>\$ 156,551</u>	

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

2015	\$ 170,182
2016	171,563
2017	173,013
2018	174,536
2019	155,836

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

7. 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, 2011 and at that time the pension plan had an accrued benefit obligation of \$124,100.

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 nil (2013 - nil).

Pension fund assets are valued at market values. A result of the 2011 valuation is as follows:

Market value of the pension plan asset	\$ 370,200
Accrued benefit obligation	<u>494,300</u>
Pension plan deficit	\$ <u>(124,100)</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, 2014

8. 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, 2014, the maximum amount that would have to be paid to all employees amounted to \$391,342 (2013 - \$417,936). 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, 2014 was \$202,235 (2013 - \$233,783). 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, 2014 of \$255,024 (2013 - \$263,801) 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 contributions 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 \$123,324 (2013 - \$92,608). As of March 31, 2014, 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, 2014

9. 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	\$ 1,065,328	\$ 1,129,530	\$ 18,675,296	\$ 2,432,717	\$ 3,470,374	\$ 5,645,501	\$ 2,336,172
Add							
Net additions during the year	9,069	238,618	35,762	128,890	13,828	-	10,174
Reclassification of amounts	-	-	-	-	-	-	-
Less							
Fair value adjustment upon transfer	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-
Balance, end of year	<u>1,074,397</u>	<u>1,368,148</u>	<u>18,711,058</u>	<u>2,561,607</u>	<u>3,484,202</u>	<u>5,645,501</u>	<u>2,346,346</u>
Accumulated amortization							
Balance, beginning of year	-	147,416	4,633,220	1,835,707	840,013	2,589,153	1,375,051
Add							
Amortization during the year	-	55,090	467,377	42,373	137,745	153,142	173,488
Less							
Fair value adjustment upon transfer	-	-	-	-	-	-	-
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	<u>-</u>	<u>202,506</u>	<u>5,100,597</u>	<u>1,878,080</u>	<u>977,758</u>	<u>2,742,295</u>	<u>1,548,539</u>
NET BOOK VALUE	<u>\$ 1,074,397</u>	<u>\$ 1,165,642</u>	<u>\$ 13,610,461</u>	<u>\$ 683,527</u>	<u>\$ 2,506,444</u>	<u>\$ 2,903,206</u>	<u>\$ 797,807</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

9. Tangible capital assets (continued)

	<u>Vehicles</u>	<u>Capital Lease</u>	<u>Work in Progress</u>	<u>Landfill</u>	<u>2014 Total</u>	<u>2013 Total</u>
Cost						
Balance, beginning of year	\$ 392,417	\$ 123,280	\$ -	\$ 609,374	\$ 35,879,989	\$ 35,055,955
Add						
Net additions during the year	418	-	21,943	4,409	463,111	1,762,651
Less						
Fair value adjustment upon transfer	-	-	-	-	-	(894,102)
Disposals during the year	-	-	-	-	-	(44,515)
Balance, end of year	<u>392,835</u>	<u>123,280</u>	<u>21,943</u>	<u>613,783</u>	<u>36,343,100</u>	<u>35,879,989</u>
Accumulated amortization						
Balance, beginning of year	291,204	52,509	-	132,192	11,896,465	11,122,066
Add						
Amortization during the year	27,031	6,164	-	79,050	1,141,460	1,159,797
Less						
Fair value adjustment upon transfer	-	-	-	-	-	(385,398)
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, end of year	<u>318,235</u>	<u>58,673</u>	<u>-</u>	<u>211,242</u>	<u>13,037,925</u>	<u>11,896,465</u>
NET BOOK VALUE	<u>\$ 74,600</u>	<u>\$ 64,607</u>	<u>\$ 21,943</u>	<u>\$ 402,541</u>	<u>\$ 23,305,175</u>	<u>\$ 23,983,524</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

10. School capital fund

On January 1, 1982 the Municipality of the District of Yarmouth in agreement with the Town of Yarmouth formed the Yarmouth District School Board. During the 1996 - 1997 year, these schools came under the operational control of the Southwestern Regional School Board. Under agreements, all school buildings on hand at December 31, 1981 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.

Under the new Public Sector Accounting policies for Tangible Capital Assets these schools are not considered property of the Municipality and therefore have been removed from their accounting records.

11. 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 \$34,058 (2013 - \$58,772) towards the operating deficit of the Harbour South Medical Clinic. During the current year the Municipality has contributed \$41,642 (2013 - \$45,545) 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 7). 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.

12. Commitments

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, 2010 and the estimated annual payments for the final year is as follows:

2015	\$368,921
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Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

13. 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, 2014 (2013 - \$10,000).

During 2010, the Municipality advanced \$150,000 to the Carleton and 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, 2014 was \$35,222 (2013 - \$51,163).

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, 2014 was \$70,285 (2013 - \$82,495).

During 2012, the Municipality advanced \$140,000 to the Lake Vaughn and 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, 2014 was \$36,780 (2013 - \$70,149).

During 2012, the Municipality advanced \$150,000 to the Port Maitland and District Volunteer Fire Department and took back a variable rate mortgage that is repayable in monthly installments of \$1,448 including principal and interest to be amortized over ten years. The principal balance receivable at March 31, 2014 was nil (2013 - \$72,411).

14. Remuneration

The total remuneration (including non-taxable allowances) paid to councilors and the Chief Administrative Officer during the year ended March 31, 2014 was as follows:

<u>Council Members</u>	<u>Remuneration</u>
Murray Goodwin – Warden	\$ 33,570
Stephen Paquette – Deputy Warden	23,206
Richard Churchill - Councillor	19,983
Leland Anthony – Councillor	19,983
Gerard LeBlanc – Councillor	19,983
Jonathan Cunningham - Councillor	18,826
Trevor Cunningham - Councillor	19,983
Kenneth Moses - Chief Administrative Officer	120,156

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

15. Segment disclosure

	General government	Protective	Transportation	Environmental health	Public health	Environmental development	Recreation and cultural	2014 Consolidated
Revenues								
Taxes	\$ 1,119,523	\$ 909,822	\$ 1,079,459	\$ 1,426,201	\$ 97,049	\$ 678,608	\$ 1,045,348	\$ 6,356,010
Grants in lieu of taxes	5,831	4,739	5,622	6,066	505	3,534	5,445	31,742
Services provided to other governments	-	-	-	-	-	-	328,060	328,060
Sales of service	-	-	61,908	-	-	70,580	52,684	185,172
Other revenue from own sources	223,446	-	-	474,731	-	-	-	698,177
Unconditional transfers from other governments	284,990	-	325,887	-	50,467	123,161	48,814	833,319
Conditional transfers from Federal and Provincial governments or agencies	-	-	35,971	-	-	128,867	-	164,838
Interest	389,956	-	359	2,845	-	-	732	393,892
Other	1,618	-	1,072	18,569	-	62,468	-	83,727
Rental and events	-	-	-	-	-	501,075	270,458	771,533
Food and beverage sales	-	-	-	-	-	-	104,196	104,196
	<u>2,025,364</u>	<u>914,561</u>	<u>1,510,278</u>	<u>1,928,412</u>	<u>148,021</u>	<u>1,568,293</u>	<u>1,855,737</u>	<u>9,950,666</u>
Expenses								
Salaries and benefits	896,619	180,607	446,885	73,329	-	213,213	698,418	2,509,071
Goods and services	361,906	1,170,941	789,106	1,215,302	153,033	482,991	315,584	4,488,863
Amortization	165,738	-	185,126	327,853	-	154,924	307,819	1,141,460
Interest	-	-	9,592	148,095	-	20,008	-	177,695
Other	341,080	83,124	271,459	71,954	-	198,942	326,558	1,293,117
	<u>1,765,343</u>	<u>1,434,672</u>	<u>1,702,168</u>	<u>1,836,533</u>	<u>153,033</u>	<u>1,070,078</u>	<u>1,648,379</u>	<u>9,610,206</u>
Annual surplus (deficit)	<u>\$ 260,021</u>	<u>\$ (520,111)</u>	<u>\$ (191,890)</u>	<u>\$ 91,879</u>	<u>\$ (5,012)</u>	<u>\$ 498,215</u>	<u>\$ 207,358</u>	<u>\$ 340,460</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

16. Subsidiary operations

						<u>2014</u>	<u>2013</u>
	<u>Mariners Centre Management Board</u>	<u>Yarmouth International Airport Corporation</u>	<u>Yarmouth County Solid Waste Management Authority</u>	<u>Yarmouth Area Industrial Commission</u>	<u>Yarmouth and Acadian Shores Tourism Association</u>	<u>Total</u>	<u>Total</u>
Revenue							
Rental and events	\$ 270,458	\$ -	\$ -	\$ 190,669	\$ -	\$ 461,127	\$ 469,843
Food and beverage sales	104,196	-	-	-	-	104,196	122,956
Sales of service	52,684	61,908	-	39,271	31,309	185,172	192,809
Federal, Provincial & Municipal grants	88,815	525,218	-	211,263	175,593	1,000,889	1,664,372
Other revenue from own sources	-	-	609,918	-	-	609,918	544,594
Interest	732	359	2,845	-	-	3,936	4,095
Other	-	1,072	18,569	62,468	-	82,109	52,771
	<u>516,885</u>	<u>588,557</u>	<u>631,332</u>	<u>503,671</u>	<u>206,902</u>	<u>2,447,347</u>	<u>3,051,440</u>
Expenditures	<u>740,441</u>	<u>543,940</u>	<u>632,258</u>	<u>588,475</u>	<u>195,296</u>	<u>2,700,410</u>	<u>4,419,128</u>
Annual surplus (deficit)	<u>\$ (223,556)</u>	<u>\$ 44,617</u>	<u>\$ (926)</u>	<u>\$ (84,804)</u>	<u>\$ 11,606</u>	<u>\$ (253,063)</u>	<u>\$ (1,367,688)</u>
Financial assets	\$ 69,283	\$ 130,510	\$ 189,134	\$ 183,560	\$ 40,495	\$ 612,982	\$ 531,255
Financial liabilities	<u>80,084</u>	<u>174,188</u>	<u>28,974</u>	<u>494,654</u>	<u>21,445</u>	<u>799,345</u>	<u>934,078</u>
Net financial assets (debt)	<u>(10,801)</u>	<u>(43,678)</u>	<u>160,160</u>	<u>(311,094)</u>	<u>19,050</u>	<u>(186,363)</u>	<u>(402,823)</u>
Non-financial assets	<u>4,332,750</u>	<u>158,591</u>	<u>1,067,430</u>	<u>2,666,242</u>	<u>874</u>	<u>8,225,887</u>	<u>8,695,412</u>
Accumulated surplus	<u>\$ 4,321,949</u>	<u>\$ 114,913</u>	<u>\$ 1,227,590</u>	<u>\$ 2,355,148</u>	<u>\$ 19,924</u>	<u>\$ 8,039,524</u>	<u>\$ 8,292,589</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, 2014

17. 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
Revenues			
Taxes	\$ 9,133,333	\$ (2,970,596)	\$ 6,162,737
Grants in lieu of taxes	33,200	-	33,200
Services provided to other governments	313,516	-	313,516
Sales of service	159,139	-	159,139
Other revenue from own sources	1,259,015	(702,531)	556,484
Unconditional transfers from other governments	1,457,534	(357,071)	1,100,463
Conditional transfers from Federal and Provincial governments and agencies	117,298	-	117,298
Grants for capital purposes	-	-	-
Interest	2,830	225,000	227,830
Other	27,435	-	27,435
Rental and events	471,788	309,773	781,561
Food and beverage sales	120,750	-	120,750
Other transfers	200,000	(200,000)	-
	<u>13,295,838</u>	<u>(3,695,425)</u>	<u>9,600,413</u>
Expenditures			
General government services	1,560,420	392,714	1,953,134
Protective services	2,366,842	(781,138)	1,585,704
Transportation services	1,126,796	326,438	1,453,234
Environmental health services	1,560,237	236,320	1,796,557
Public health and welfare services	173,112	9,963	183,075
Environmental development services	1,168,603	(63,928)	1,104,675
Recreational and cultural services	1,263,557	211,249	1,474,806
Fiscal services	4,227,442	(4,227,442)	-
	<u>13,447,009</u>	<u>(3,895,824)</u>	<u>9,551,185</u>
Annual (deficit) surplus before the undernoted	<u>\$ (151,171)</u>	<u>\$ 200,399</u>	<u>\$ 49,228</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2014

18. Reserves

The following are the balances of the reserves at the end of the year:

	<u>2014</u>	<u>2013</u>
Operating	<u>\$ 2,772,043</u>	<u>\$ 2,405,222</u>
Capital	<u>\$ 2,808,474</u>	<u>\$ 2,557,430</u>

19. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform with the presentation of the 2014 financial statements.

20. Future accounting standards

Effective for the fiscal period beginning on April 1, 2014, the Municipality of the District of Yarmouth will be required to adopt Public Sector Accounting *Section 3260 Liability for Contaminated Sites*, which establishes the recognition, measurement and disclosure requirements for reporting liabilities associated with the remediation of contaminated sites. Management is currently assessing the impact of this new standard.

**Municipality of the District of Yarmouth
Consolidated Trust Funds Balance Sheet**

March 31	2014	2013
	<u>Total</u>	<u>Total</u>
Assets		
Cash	\$ <u>6,883</u>	\$ <u>6,746</u>
Reserve		
Trust fund reserve	\$ <u>6,883</u>	\$ <u>6,746</u>

Consolidated Statement of Trust Funds Reserve

Year Ended March 31	2014	2013
	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ <u>6,746</u>	\$ <u>6,613</u>
Interest earned	<u>137</u>	<u>133</u>
Balance, end of year	\$ <u>6,883</u>	\$ <u>6,746</u>