



Consolidated Financial Statements

Municipality of the District of Yarmouth

March 31, 2020

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Independent Auditor's Report

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To the Warden and Council of
Municipality of District of Yarmouth

Opinion

We have audited the consolidated financial statements of Municipality of the District of Yarmouth (the "Municipality"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Municipality of the District of Yarmouth as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Yarmouth, Canada
September 30, 2020

Chartered Professional Accountants

Municipality of the District of Yarmouth

Management's Responsibility for Financial Reporting

March 31, 2020

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.

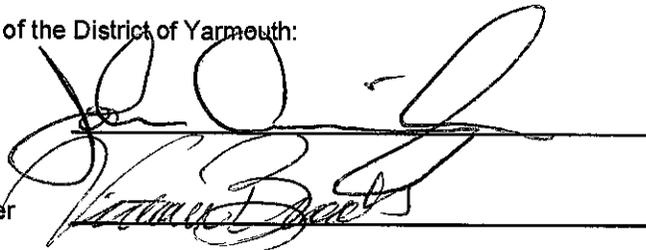
The Audit Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through Council. The Audit Committee reviews internal financial statements periodically and external audited consolidated financial 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:

D Warden

Chief Administrative Officer



The image shows two handwritten signatures in black ink. The top signature is larger and more stylized, while the bottom signature is smaller and more legible. Both signatures are written over horizontal lines that appear to be part of a signature block or form.

Municipality of the District of Yarmouth

Consolidated Statement of Operations

Year Ended March 31

2020

2019

	<u>Budget</u> (Note 16)	<u>Actual</u>	<u>Actual</u>
Revenues			
Taxes	\$ 7,324,680	\$ 7,348,226	\$ 7,073,887
Grants in lieu of taxes	31,200	33,487	31,884
Services provided to other governments	311,000	296,042	311,000
Sales of services	280,882	288,313	216,151
Other revenue from own sources	818,081	821,263	870,165
Unconditional transfers from other governments	559,738	642,614	626,262
Conditional transfers from Federal and Provincial governments and agencies	540,023	204,525	86,114
Interest	221,690	484,870	453,533
Other	104,827	135,388	151,101
Rental and events	807,409	797,731	829,380
Food and beverage sales	<u>102,000</u>	<u>99,813</u>	<u>108,721</u>
	<u>11,101,530</u>	<u>11,152,272</u>	<u>10,758,198</u>
Expenses			
General government services	1,937,521	2,033,152	1,938,805
Protective services	1,595,695	1,483,248	1,459,025
Transportation services	2,273,363	2,008,395	1,478,708
Environmental health services	1,841,037	1,869,413	1,858,577
Public health and welfare services	138,778	118,891	93,439
Environmental development services	1,256,762	1,245,349	1,009,868
Recreational and cultural services	<u>1,879,148</u>	<u>1,832,609</u>	<u>1,794,715</u>
	<u>10,922,304</u>	<u>10,591,057</u>	<u>9,633,137</u>
Annual surplus before the undernoted	179,226	561,215	1,125,061
(Loss) gain on disposal of tangible capital assets	<u>-</u>	<u>(7,593)</u>	<u>91,111</u>
Annual surplus	<u>\$ 179,226</u>	<u>\$ 553,622</u>	<u>\$ 1,216,172</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 30,563,670	\$ 29,347,498
Annual surplus		<u>553,622</u>	<u>1,216,172</u>
Accumulated surplus, end of year		<u>\$ 31,117,292</u>	<u>\$ 30,563,670</u>

See accompanying notes to the consolidated financial statements.

**Municipality of the District of Yarmouth
Consolidated Statement of Financial Position**

March 31

2020

2019

Financial Assets

Cash and cash equivalents - restricted	\$ 189,074	\$ 120,125
Cash and cash equivalents - unrestricted	12,908,972	11,904,306
Taxes receivable (Note 3)	742,642	693,150
Due from Federal government and its agencies	77,599	52,735
Due from own funds and agencies	-	37
Other receivables (Note 4)	876,441	861,829
Portfolio investment	156,457	154,735
	<u>14,951,185</u>	<u>13,786,917</u>

Financial Liabilities

Due to own funds and agencies	-	33,691
Payables and accruals	1,180,859	1,264,149
Prepayment of taxes	283,726	243,649
Deferred revenue (Note 5)	3,021,522	2,184,656
Tax sale surplus	150,273	99,227
Repayable contributions	33,463	53,455
Long-term debt (Note 6)	2,200,000	2,492,500
Defined benefit pension plan (Note 7)	79,785	79,785
Other post-employment benefits (Note 8)	784,361	808,904
	<u>7,733,989</u>	<u>7,260,016</u>

NET FINANCIAL ASSETS

7,217,196 6,526,901

Non-Financial Assets

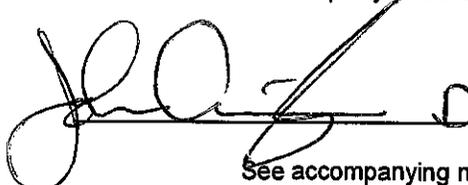
Tangible capital assets (Note 9)	23,848,822	23,938,739
Inventories	11,028	6,714
Prepaid expenses	40,246	91,316
	<u>23,900,096</u>	<u>24,036,769</u>

ACCUMULATED SURPLUS

\$ 31,117,292 \$ 30,563,670

Contingent liabilities (Note 10)
Commitments and contractual obligations (Note 11)
Subsequent events (Note 19)

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 2020 2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 179,226	\$ 553,622	\$ 1,216,172
Acquisition of tangible capital assets	(1,709,896)	(1,500,748)	(1,059,180)
Proceeds on disposal of tangible capital assets	-	13,774	113,400
Amortization of tangible capital assets	1,365,004	1,383,351	1,264,663
Write-down of tangible capital assets	-	185,946	-
Loss (gain) on disposal of tangible capital assets	-	<u>7,593</u>	<u>(91,111)</u>
	<u>(165,666)</u>	<u>643,538</u>	<u>1,443,944</u>
Use of prepaid assets and inventories	-	<u>46,757</u>	<u>30,370</u>
(Decrease) increase in Net Financial Assets	<u>\$ (165,666)</u>	<u>690,295</u>	<u>1,474,314</u>
Net Financial Assets, beginning of year		<u>6,526,901</u>	<u>5,052,587</u>
Net Financial Assets, end of year		<u>\$ 7,217,196</u>	<u>\$ 6,526,901</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Yarmouth

Consolidated Statement of Cash Flow

Year Ended March 31

2020

2019

Increase in cash and cash equivalents

Operating activities

Annual surplus	\$ 553,622	\$ 1,216,172
Amortization	1,383,351	1,264,663
Write-down of tangible capital assets	185,946	-
Loss (gain) on disposal of tangible capital assets	<u>7,593</u>	<u>(91,111)</u>
	2,130,512	2,389,724

Change in non-cash items

Taxes receivable	(49,492)	(4,456)
Due from Federal Government and its agencies	(24,864)	(18,304)
Due from own funds and agencies	37	1,620
Other receivables	(14,612)	(195,297)
Properties acquired at tax sale	-	17,142
Assets held for resale	-	100,000
Due to own funds and agencies	(33,691)	(54,886)
Payables and accruals	(83,290)	(640,324)
Prepayment of taxes	40,077	(1,845)
Deferred revenue	836,866	490,422
Tax sale surplus	51,046	(14,838)
Repayable contributions	(19,992)	(19,992)
Other post-employment benefits	(24,543)	(13,689)
Prepaid expenses and inventory	<u>46,757</u>	<u>30,370</u>
	2,854,811	2,065,647

Capital activities

Proceeds on disposal of tangible capital assets	13,774	113,400
Acquisition of tangible capital assets	<u>(1,500,748)</u>	<u>(1,059,180)</u>
	(1,486,974)	(945,780)

Financing activities

Repayments of long-term debt	<u>(292,500)</u>	<u>(306,383)</u>
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Investing activities

Purchase of portfolio investment	<u>(1,722)</u>	<u>(87,346)</u>
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Net increase in cash and cash equivalents

1,073,615 **726,138**

Cash and cash equivalents

Beginning of year	<u>12,024,431</u>	<u>11,298,293</u>
End of year	<u>\$ 13,098,046</u>	<u>\$ 12,024,431</u>

Cash and cash equivalents are comprised of:

Restricted cash	\$ 189,074	\$ 120,125
Unrestricted cash	<u>12,908,972</u>	<u>11,904,306</u>
	<u>\$ 13,098,046</u>	<u>\$ 12,024,431</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2020

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 in the financial position of the reporting entity. The reporting entity is comprised on all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned, controlled or proportionately controlled by the Municipality.

The Municipality has consolidated the following proportionately controlled entities:

- Mariners Centre Management Authority
- Yarmouth International Airport Corporation
- Yarmouth Area Industrial Commission
- Yarmouth & Acadian Shores Tourism Association
- 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 22, 2019 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 16 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.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2020

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 and then transferred to the Capital Reserve. The balance of the tax sale surplus account at year end is \$189,074 (2019 - \$120,125).

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.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2020

1. Summary of significant accounting policies (continued)

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.

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
Wind turbines	20 years
Street lights	50 years
Vehicles	5 years
Bunker island trail	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.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2020

1. Summary of significant accounting policies (continued)

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.

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

Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Municipality is directly responsible or accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

Management has reviewed potential sites where they feel a material liability may exist and has concluded there is no known liability at this time.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2020

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 \$39,776 (2019 - \$39,776) to fund its share of the prior year's deficit.

Regional Library - 15.1% Interest

During the year, the Municipality paid \$65,394 (2019 - \$65,394) to the Regional Library. Grants from the provincial government pertaining to the Regional Library are received directly by the Library commencing in 1988.

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

During the year, the Municipality contributed \$28,643 (2019 - \$28,643) as its share of the operation of Western Regional Solid Waste Management Authority.

Western Regional Enterprise Network – 16.67% Interest

During the year, the Municipality contributed \$53,814 (2019 - \$53,814) as its share of the operation of Western Regional Enterprise Network.

3. Taxes receivable			<u>2020</u>	<u>2019</u>
	<u>Current</u>	<u>Prior</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ 693,150	\$ 693,150	\$ 688,694
Current year's tax levy	9,171,336	-	9,171,336	8,810,084
Interest	<u>152,412</u>	<u>-</u>	<u>152,412</u>	<u>164,544</u>
	<u>9,323,748</u>	<u>693,150</u>	<u>10,016,898</u>	<u>9,663,322</u>
Deduct				
Collections	8,798,979	368,053	9,167,032	8,776,950
Write-offs	<u>39,173</u>	<u>-</u>	<u>39,173</u>	<u>125,171</u>
	<u>8,838,152</u>	<u>368,053</u>	<u>9,206,205</u>	<u>8,902,121</u>
Balance, before allowance	485,596	325,097	810,693	761,201
Less valuation allowance	<u>-</u>	<u>68,051</u>	<u>68,051</u>	<u>68,051</u>
Balance, end of year	<u>\$ 485,596</u>	<u>\$ 257,046</u>	<u>\$ 742,642</u>	<u>\$ 693,150</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2020

4. Other receivables	<u>2020</u>	<u>2019</u>
Town of Yarmouth	\$ 162,183	\$ 175,597
Amounts due from fire departments		
Kemptville Volunteer Fire Department	106,967	-
Lake Vaughn Volunteer Fire Department	23,647	92,252
Port Maitland Volunteer Fire Department	155,184	171,809
Amounts due for controlled entities		
Mariners Centre Management Authority	21,095	51,037
Yarmouth & Acadian Shores Tourism Association	1,134	1,405
Yarmouth Area Industrial Commission	34,440	50,067
Yarmouth County Solid Waste Management Authority	59,082	42,336
Yarmouth International Airport Corporation	61,459	21,482
Water supply upgrade lending program	94,856	65,139
Other	<u>156,394</u>	<u>190,705</u>
	<u>\$ 876,441</u>	<u>\$ 861,829</u>

The terms of the amounts due from the fire departments are detailed in Note 12.

5. Deferred revenue	<u>2020</u>	<u>2019</u>
Gas tax revenue	\$ 2,923,516	\$ 2,082,388
Operating revenue	<u>98,006</u>	<u>102,268</u>
	<u>\$ 3,021,522</u>	<u>\$ 2,184,656</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>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2,082,388	\$ 1,573,648
Federal gas tax grants received	992,453	507,392
Interest earned	34,570	40,068
Eligible expenditures	<u>(185,895)</u>	<u>(38,720)</u>
Balance, end of year	<u>\$ 2,923,516</u>	<u>\$ 2,082,388</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. 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 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, 2020

6. Long-term debt	Balance April 1, <u>2019</u>	Repaid	Balance March 31, <u>2020</u>	Interest	Interest rate
Municipal Finance Corporation term loan, repayable in principal payments of \$100,000 plus interest, due 2024	\$ 2,000,000	\$ (100,000)	\$ 1,900,000	\$ 105,430	5.16% - 5.48%
Municipal Finance Corporation term loan, repayable in principal payments of \$42,500 plus interest, repaid during the year	42,500	(42,500)	-	1,006	4.889%
Municipal Finance Corporation term loan, repayable in principal payments of \$150,000 plus interest, due 2022	<u>450,000</u>	<u>(150,000)</u>	<u>300,000</u>	<u>6,494</u>	1.323% - 2.487%
	<u>\$ 2,492,500</u>	<u>\$ (292,500)</u>	<u>\$ 2,200,000</u>	<u>\$ 112,930</u>	

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

2021	\$ 250,000
2022	250,000
2023	100,000
2024	100,000
2025	100,000

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

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7. Defined benefit pension plan

The Municipality of the District of Yarmouth sponsors a multi-employer 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, 2017 and at that time the pension plan had an accrued benefit obligation of \$79,785.

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%;
- the discount rate used to determine the accrued benefit obligation is 4.5%;
- the expected rate of return is 5%; and
- retirement age is 65.

Combined employer and employee contributions during the year were \$12,673 (2019 - \$12,673).

Pension fund assets are valued at market values. A result of the 2017 valuation is as follows:

Market value of the pension plan asset	\$ 385,074
Accrued benefit obligation	<u>464,859</u>
Pension plan deficit	<u>\$ (79,785)</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

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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, 2020, the maximum amount that would have to be paid to all employees amounted to \$544,171 (2019 - \$599,958). Upon retirement an employee who has not abused their sick leave is eligible for a sick leave retirement package. The total liability recorded in these financial statements pertaining to this liability as at March 31, 2020 was \$326,978 (2019 - \$342,325). This figure is based upon historical information and the likelihood of the sick leave to be used and awarded to the employee. The sick leave retirement package was frozen by the Municipality effective December 31, 2018, meaning no additional amounts were accrued as they relate to the retirement package. 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, 2020 of \$429,486 (2019 - \$442,295) has been recorded as a liability in these financial statements. This figure was determined based upon the likelihood 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.

The Municipality is also responsible for 50% of the service award retirement package for eligible employees at the Mariners Centre Management Authority. After 10 years of service, employees qualify for a retirement service package. The amount of the package is based upon 1 months' salary at the salary rate upon the date of retirement. Eligible employees also receive 3 days of salary for each year they work beyond their required 10 years of service. Additionally, employees accumulate sick day leave at the rate of 1.66 days per month to a maximum of 150 sick days. At retirement, employees are able to receive a cash equivalent of 50% of accumulated sick time at retirement. The total amount of this liability as at March 31, 2020 of \$55,794 (2019 - \$48,567), 50% of which has been recorded as a liability in these consolidated financial statements.

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 \$140,480 (2019 - \$150,707). As of March 31, 2020, 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
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9. Tangible capital assets

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Plants</u>	<u>Sidewalks & trails</u>	<u>Sewer</u>	<u>Equipment & machinery</u>
Cost							
Balance, beginning of year	\$ 1,158,443	\$ 1,384,007	\$ 18,834,654	\$ 2,816,531	\$ 5,562,864	\$ 5,841,720	\$ 3,216,193
Add							
Additions during the year	-	-	905,330	8,548	75,515	-	224,191
Reclassification of amounts	-	-	8,378	-	-	-	-
Less							
Reclassification of amounts	-	-	-	-	-	-	-
Write-down	(19,618)	-	-	-	-	-	(3,498)
Disposals during the year	-	-	-	-	-	-	-
Balance, end of year	<u>1,138,825</u>	<u>1,384,007</u>	<u>19,748,362</u>	<u>2,825,079</u>	<u>5,638,379</u>	<u>5,841,720</u>	<u>3,436,886</u>
Accumulated amortization							
Balance, beginning of year	-	479,918	6,693,767	2,139,571	1,859,231	3,517,459	2,320,536
Add							
Amortization during the year	-	55,284	620,753	52,232	221,823	157,163	157,465
Less							
Accumulated amortization on disposals	-	-	-	-	-	-	(1,749)
Balance, end of year	<u>535,202</u>	<u>7,314,520</u>	<u>7,314,520</u>	<u>2,191,803</u>	<u>2,081,054</u>	<u>3,674,622</u>	<u>2,476,252</u>
NET BOOK VALUE	<u>\$ 1,138,825</u>	<u>\$ 848,805</u>	<u>\$ 12,433,842</u>	<u>\$ 633,276</u>	<u>\$ 3,557,325</u>	<u>\$ 2,167,098</u>	<u>\$ 960,634</u>

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

March 31, 2020

9. Tangible capital assets (continued)	Wind turbines	Street lights	Vehicles	Bunker Island trail	Work in progress	Landfill	2020 Total	2019 Total
Cost								
Balance, beginning of year	\$ 335,286	1,348,503	\$ 659,525	\$ 123,280	\$ 259,562	\$ 633,227	\$ 42,173,795	\$ 41,141,481
Add								
Net additions during the year	-	2,008	-	-	20,232	264,924	1,500,748	1,059,180
Reclassification of amounts	-	-	-	-	-	-	8,378	27,880
Less								
Reclassification of amounts	-	-	-	-	(8,378)	-	(8,378)	(27,880)
Write-down	-	-	-	-	(185,946)	-	(185,946)	-
Disposals during the year	-	-	-	-	-	-	(23,116)	(26,866)
Balance, end of year	<u>335,286</u>	<u>1,350,511</u>	<u>659,525</u>	<u>123,280</u>	<u>85,470</u>	<u>898,151</u>	<u>43,465,481</u>	<u>42,173,795</u>
Accumulated amortization								
Balance, beginning of year	50,292	80,862	548,548	89,493	-	455,380	18,235,057	16,974,970
Add								
Amortization during the year	16,765	27,011	41,414	6,164	-	27,277	1,383,351	1,264,663
Less								
Accumulated amortization on disposals	-	-	-	-	-	-	(1,749)	(4,577)
Balance, end of year	<u>67,057</u>	<u>107,873</u>	<u>589,962</u>	<u>95,657</u>	<u>-</u>	<u>482,657</u>	<u>19,616,659</u>	<u>18,235,056</u>
NET BOOK VALUE	<u>\$ 268,229</u>	<u>\$ 1,242,638</u>	<u>\$ 69,563</u>	<u>\$ 27,623</u>	<u>\$ 85,470</u>	<u>\$ 415,494</u>	<u>\$ 23,848,822</u>	<u>\$ 23,938,739</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2020

10. Contingent liabilities

Harbour South Medical Clinic and Pubnico 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 \$32,225 (2019 - \$18,072) towards the operating deficit of the Harbour South Medical Clinic. During the current year the Municipality has contributed \$25,128 (2019 - \$36,733) towards the operating deficit of the AM Clarke Medical Clinic (Pubnico).

Other

The Municipality may be periodically involved in other legal actions arising in the normal course of business. In the opinion of management, the Municipality has adequate defences or insurance coverage with respect to each of these actions and does not believe that they will materially affect the Municipality's financial position or results of future operations.

11. Commitments and contractual obligations

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, 2020 and the estimated annual payment for the remaining five years of the contract is as follows (excluding HST):

2021	\$456,435
2022	\$469,727
2023	\$483,412
2024	\$497,504
2025	\$512,012

Capital projects

The Municipality has committed to retrofit the building at 62 Rcom Drive with a budget of approximately \$2,000,000. One-half of the project is to be funded by the Municipality, the other one-half through federal government grants from ACOA.

Ferry terminal

The Municipality has committed to provide funding of approximately \$1,200,000 for capital repairs and refurbishment of the Yarmouth ferry terminal. As at March 31, 2020, \$360,000 has been provided for the project with the remainder expected to be contributed in the upcoming fiscal year.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

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12. Loans receivable

During the current year, the Municipality advanced \$150,000 to the Kemptville Volunteer Fire Department and took back a variable rate mortgage that is repayable in monthly installments of \$1,291 including principal and interest to be amortized over ten years. The principal balance receivable at March 31, 2020 was \$106,967.

During 2019, the Municipality advanced \$130,000 to the Lake Vaughn Volunteer Fire Department and took back a variable rate mortgage that is repayable in monthly installments of \$1,376 including principal and interest to be amortized over ten years. The principal balance receivable at March 31, 2020 was \$23,647 (2019 - \$92,252).

During 2019, the Municipality advanced \$180,000 to the Port Maitland Volunteer Fire Department and took back a variable rate mortgage that is repayable in monthly installments of \$1,652 including principal and interest to be amortized over ten years. The principal balance receivable at March 31, 2020 was \$155,184 (2019 - \$171,809).

The loans to the fire departments are recorded within other receivables on the balance sheet.

13. Remuneration and expense reimbursements

The total remuneration and expense reimbursements paid to councillors and the Chief Administrative Officer during the year ended March 31, 2020 was as follows:

	<u>Remuneration</u>	<u>Expenses</u>
Leland Anthony – Warden	\$ 42,353	\$ 6,136
Jonathan Cunningham – Deputy Warden	29,277	701
Daniel Allen – Councillor	25,212	-
Gerard LeBlanc – Councillor	25,212	690
Patti Durkee – Councillor	25,212	5,972
Trevor Cunningham – Councillor	25,212	2,858
Loren Cushing – Councillor	25,212	3,026
Victoria Brooks – Chief Administrative Officer	118,511	8,978

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2020

14. Segment disclosure

The Municipality 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. 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, 2020

14. Segment disclosure (continued)

	General government	Protective	Transportation	Environmental health	Public health and welfare	Environmental development	Recreation and cultural	2020		2019	
								Consolidated	Consolidated	Consolidated	Consolidated
Revenues											
Taxes	\$ 1,410,630	\$ 1,029,098	\$ 1,393,453	\$ 1,297,025	\$ 82,489	\$ 864,041	\$ 1,271,490	\$ 7,348,226	\$ 7,073,887		
Grants in lieu of taxes	6,428	4,690	6,350	5,911	376	3,938	5,794	33,487	31,884		
Services provided to other governments	-	-	-	-	-	-	296,042	296,042	311,000		
Sales of services	53,214	-	22,476	-	-	108,952	103,671	288,313	216,151		
Other revenue from own sources	244,829	-	-	576,434	-	-	-	821,263	870,165		
Unconditional transfers from other governments	204,024	-	259,629	-	38,235	56,956	83,770	642,614	626,262		
Conditional transfers from Federal and Provincial governments or agencies	151,324	-	1,334	-	-	38,337	13,530	204,525	86,114		
Interest	463,922	-	1,710	15,922	-	2,531	785	484,870	453,533		
Other	-	-	45,031	58,673	-	31,684	-	135,388	151,101		
Rental and events	-	-	-	-	-	529,947	267,784	797,731	829,380		
Food and beverage sales	-	-	-	-	-	-	99,813	99,813	108,721		
	<u>2,534,371</u>	<u>1,033,788</u>	<u>1,729,983</u>	<u>1,953,965</u>	<u>121,100</u>	<u>1,636,386</u>	<u>2,142,679</u>	<u>11,152,272</u>	<u>10,758,198</u>		
Expenses											
Salaries and benefits	1,016,351	225,019	464,509	90,161	55,701	345,810	827,651	3,025,202	2,828,109		
Goods and services	326,146	1,193,728	829,570	1,396,191	63,190	477,664	385,587	4,672,076	4,232,406		
Amortization	135,949	-	339,525	297,267	-	308,755	301,855	1,383,351	1,264,663		
Interest	105,430	-	6,494	1,006	-	-	-	112,930	124,197		
Other	449,276	64,501	368,297	84,788	-	113,120	317,516	1,397,498	1,183,762		
	<u>2,033,152</u>	<u>1,483,248</u>	<u>2,008,395</u>	<u>1,869,413</u>	<u>118,891</u>	<u>1,245,349</u>	<u>1,832,609</u>	<u>10,591,057</u>	<u>9,633,137</u>		
Annual surplus (deficit) before the undernoted	501,219	(449,460)	(278,412)	84,552	2,209	391,037	310,070	561,215	1,125,061		
(Loss) gain on disposal of tangible capital assets	(8,345)	-	-	-	-	-	752	(7,593)	91,111		
Annual surplus (deficit)	<u>\$ 492,874</u>	<u>\$ (449,460)</u>	<u>\$ (278,412)</u>	<u>\$ 84,552</u>	<u>\$ 2,209</u>	<u>\$ 391,037</u>	<u>\$ 310,822</u>	<u>\$ 553,622</u>	<u>\$ 1,216,172</u>		

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

March 31, 2020

15. Subsidiary operations

		<u>Mariners Centre Management Authority</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>2019 Total</u>	<u>2020 Total</u>
Revenues								
Rental and events	\$	267,784	-	-	142,306	-	\$ 410,090	\$ 446,997
Food and beverage sales		99,813	-	-	-	-	99,813	108,721
Sales of services		103,671	22,476	-	41,029	67,923	235,099	175,408
Federal, provincial & municipal grants		146,737	369,848	-	92,344	86,216	695,145	823,688
Other revenue from own sources		-	-	709,385	-	-	709,385	643,278
Interest		784	1,710	15,922	2,531	-	20,947	19,618
Other		<u>751</u>	<u>45,031</u>	<u>58,673</u>	<u>31,684</u>	<u>-</u>	<u>136,139</u>	<u>242,211</u>
		619,540	439,065	783,980	309,894	154,139	2,306,618	2,459,921
Expenses		<u>821,732</u>	<u>450,562</u>	<u>710,497</u>	<u>510,490</u>	<u>138,121</u>	<u>2,631,402</u>	<u>2,523,868</u>
Annual (deficit) surplus		<u>\$ (202,192)</u>	<u>\$ (11,497)</u>	<u>\$ 73,483</u>	<u>\$ (200,596)</u>	<u>\$ 16,018</u>	<u>\$ (324,784)</u>	<u>\$ (63,947)</u>
Financial assets		\$ 55,972	\$ 78,850	\$ 639,325	\$ 334,891	\$ 44,431	\$ 1,153,469	\$ 1,286,713
Financial liabilities		<u>123,672</u>	<u>24,316</u>	<u>84,226</u>	<u>54,380</u>	<u>7,419</u>	<u>294,013</u>	<u>346,098</u>
Net financial (debt) assets		<u>(67,700)</u>	<u>54,534</u>	<u>555,099</u>	<u>280,511</u>	<u>37,012</u>	<u>859,456</u>	<u>940,615</u>
Non-financial assets		<u>3,283,184</u>	<u>128,057</u>	<u>1,060,105</u>	<u>1,953,031</u>	<u>4,365</u>	<u>6,428,742</u>	<u>6,672,367</u>
Accumulated surplus		<u>\$ 3,215,484</u>	<u>\$ 182,591</u>	<u>\$ 1,615,204</u>	<u>\$ 2,233,542</u>	<u>\$ 41,377</u>	<u>\$ 7,288,198</u>	<u>\$ 7,612,982</u>

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

The Inter-municipal Funding Agreement between the Yarmouth International Airport Corporation and its funding partners/owners expired on March 31, 2019. The Airport is currently negotiating a new agreement. Council motions have been passed and funding contributions are being made based upon the approved operating budget of the Airport up to March 31, 2020.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2020

16. 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 expenses 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	\$ 10,742,172	\$ (3,417,492)	\$ 7,324,680
Grants in lieu of taxes	31,200	-	31,200
Services provided to other governments	311,000	-	311,000
Sales of services	280,882	-	280,882
Other revenue from own sources	1,579,026	(760,945)	818,081
Unconditional transfers from other governments	778,452	(218,714)	559,738
Conditional transfers from Federal and Provincial governments and agencies	540,023	-	540,023
Interest	6,690	215,000	221,690
Other	104,827	-	104,827
Rental and events	416,234	391,175	807,409
Food and beverage sales	102,000	-	102,000
	<u>14,892,506</u>	<u>(3,790,976)</u>	<u>11,101,530</u>
Expense			
General government services	1,718,937	218,584	1,937,521
Protective services	2,754,748	(1,159,053)	1,595,695
Transportation services	1,418,978	854,385	2,273,363
Environmental health services	1,755,646	85,391	1,841,037
Public health and welfare services	200,870	(62,092)	138,778
Environmental development services	1,228,009	28,753	1,256,762
Recreational and cultural services	1,385,063	494,085	1,879,148
Fiscal services	4,570,346	(4,570,346)	-
	<u>15,032,597</u>	<u>(4,110,293)</u>	<u>10,922,304</u>
Annual (deficit) surplus before the undernoted	(140,091)	319,317	179,226
Gain on disposal of tangible capital assets	-	-	-
Annual (deficit) surplus	<u>\$ (140,091)</u>	<u>\$ 319,317</u>	<u>\$ 179,226</u>

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

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17. Reserves

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

	<u>2020</u>	<u>2019</u>
Operating	<u>\$ 4,694,961</u>	<u>\$ 4,453,623</u>
Capital	<u>\$ 2,881,743</u>	<u>\$ 2,727,090</u>

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

18. 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, 2020, the equity in Trust Funds under its trusteeship amounted to \$7,731 (2019 - \$7,592).

19. Subsequent events

COVID-19

Since March 31, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Municipality continues to assess the overall impact, however the spread of COVID-19 has not significantly impacted the operations of the Municipality from a cash flow perspective. Council has opted to provide property tax relief options for residents, including an extension on the payment deadlines and reduction of interest. Management and Council also delayed bringing eligible properties to tax sale. The Municipality has determined it has sufficient liquid assets and reserves to fund operations for fiscal 2020-2021 and to mitigate financial risk caused by the pandemic.

Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The Municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.

Municipality of the District of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2020

19. Subsequent events (continued)

Financing of Public Works building addition

In July 2020, the Municipality received \$500,000 of financing from Municipal Finance Corporation for the Public Works building addition. The term of the loan is 5 years with annual principal repayments of \$100,000 and an average interest rate of 0.97%.

20. Reclassification of comparative figures

Comparative balances have been reclassified in these consolidated financial statements to conform with the current year presentation and provide for a better allocation of expenses within each of the Municipality's departments or segments.

The following is a summary of the reclassification of prior year balances:

	<u>Prior balance</u>	<u>Interest</u>	<u>Cape Forchu expenses</u>	<u>Senior safety coordinator</u>	<u>New balance</u>
General government services	\$ 1,921,970	\$ 114,170	\$ (45,645)	\$ (51,690)	\$ 1,938,805
Transportation services	1,471,676	7,032	-	-	1,478,708
Environmental health services	1,979,779	(121,202)	-	-	1,858,577
Public health and welfare services	41,749	-	-	51,690	93,439
Environmental development services	964,223	-	45,645	-	1,009,868

Interest on long-term debt had previously been allocated entirely to environmental health services however has now been allocated within different segments to properly reflect interest expense as it relates to the specific loans held by the Municipality.

Cape Forchu expenses and senior safety coordinator has been allocated from general government services to environmental development services and public health and welfare services, respectively, to better reflect what department each of these services are provided for.
