



Grant Thornton

Consolidated Financial Statements

Town of Yarmouth

March 31, 2016

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# Independent Auditors' Report

Grant Thornton LLP  
328 Main Street, PO Box 297  
Yarmouth, NS  
B5A 4B2

To the Mayor and Council of the  
Town of Yarmouth

We have audited the accompanying consolidated financial statements of the Town of Yarmouth, which comprise the statement of financial position as at March 31, 2016, the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 consolidated 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 consolidated 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 Town of Yarmouth's preparation and fair presentation of the consolidated 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 Town of Yarmouth'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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Town of Yarmouth as at March 31, 2016, and the results of its operations, changes in net financial assets and its changes in cash flow for the year then ended in accordance with Canadian public sector accounting standards.

**Other matters**

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The Water Utility statements and schedules on pages 27 to 32 are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.



Yarmouth, Canada  
September 26, 2016

Chartered Professional Accountants

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# Town of Yarmouth

## Management's Responsibility for Financial Reporting

March 31, 2016

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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 Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and external audited consolidated financial statements yearly. The Council 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 Town 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 Town of Yarmouth:

Mayor



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Chief Administrative Officer



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# Town of Yarmouth

## Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31 2016 2015

	<u>Budget</u> (Note 15)	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Taxes	\$ 10,412,794	\$ 10,405,035	\$ 10,152,160
Grants in lieu of taxes	1,142,376	1,105,013	1,110,230
Services provided to other governments	696,099	743,093	781,799
Sale of service	230,185	247,120	264,338
Other revenue from own sources	1,865,244	1,953,457	2,114,948
Unconditional transfers from other governments	1,082,836	1,107,942	1,163,750
Conditional transfers from other governments	-	1,238,702	2,141,634
Domestic, commercial and industrial water	1,684,600	1,686,328	1,650,103
Public fire protection	482,000	465,621	508,503
Interest	3,495	57,093	43,626
Other	12,000	21,641	74,498
Rental end events	503,058	481,779	451,735
Food and beverage sales	<u>88,500</u>	<u>75,553</u>	<u>83,380</u>
	<u>18,203,187</u>	<u>19,588,377</u>	<u>20,540,704</u>
<b>Expenses</b>			
General government services	1,461,319	1,624,836	1,291,472
Protective services	4,489,756	4,560,519	4,416,604
Transportation services	3,481,001	3,375,206	3,615,027
Environmental health services	3,020,886	3,142,627	3,100,937
Environmental development services	1,635,871	1,807,824	1,930,111
Recreational and cultural services	1,990,360	2,044,366	2,046,531
Water and sanitation	<u>1,970,982</u>	<u>1,959,306</u>	<u>1,699,818</u>
	<u>18,050,175</u>	<u>18,514,684</u>	<u>18,100,500</u>
Annual surplus before the undernoted	153,012	1,073,693	2,440,204
Gain on disposal of tangible capital assets	-	13,386	12,867
Other pension recovery (expense)	-	<u>235,958</u>	<u>(308,400)</u>
Annual surplus	<u>\$ 153,012</u>	<u>\$ 1,323,037</u>	<u>\$ 2,144,671</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 68,876,623	\$ 66,731,952
Annual surplus		<u>1,323,037</u>	<u>2,144,671</u>
Accumulated surplus, end of year		<u>\$ 70,199,660</u>	<u>\$ 68,876,623</u>

See accompanying notes to the consolidated financial statements.

# Town of Yarmouth

## Consolidated Statement of Financial Position

March 31

2016

2015

### Financial Assets

Cash and cash equivalents	\$ 7,898,975	\$ 8,278,942
Sewer and water rate receivable (Note 3)	668,636	708,298
Taxes receivable (Notes 4)	670,845	934,526
Due from Provincial Government and agencies	74,854	141,657
Other receivables (Note 5)	959,407	1,306,034
Pension benefit asset (Note 6)	271,458	35,500
Portfolio investment	72,804	94,645
Tangible capital assets held for resale	48,000	48,000
Loans, advances and investments	-	3,317
	<u>10,664,979</u>	<u>11,550,919</u>

### Financial Liabilities

Due to Federal Government and agencies	438,306	370,096
Due to Provincial Government and agencies	221,000	221,000
Payables and accruals (Note 7)	1,395,402	1,577,677
Other post employment benefits (Note 8)	709,754	658,776
Loans payable	77,353	107,935
Deferred revenue (Note 9)	1,076,295	1,322,528
Long-term debt (Note 10)	2,566,667	2,966,667
	<u>6,484,777</u>	<u>7,224,679</u>

### Net Financial Assets

	<u>4,180,202</u>	<u>4,326,240</u>
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### Non-Financial Assets

Tangible capital assets (Note 11)	65,967,240	64,458,971
Prepaid expenses	32,551	71,157
Inventories	19,667	20,255
	<u>66,019,458</u>	<u>64,550,383</u>

### Accumulated Surplus


	<u>\$ 70,199,660</u>	<u>\$ 66,876,623</u>
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Commitments (Note 12)  
Contingencies (Note 13)

On behalf of the Town of Yarmouth



Mayor



CAO

See accompanying notes to the consolidated financial statements.

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**Town of Yarmouth**  
**Consolidated Statement of Changes in Net Financial**  
**Assets**

March 31	2016		2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 153,012	\$ 1,323,037	\$ 2,144,671
Acquisition of tangible capital assets	(2,615,000)	(4,359,068)	(4,383,079)
Tangible capital assets acquired on change in proportionate ownership of controlled entity	-	-	(291)
Amortization of tangible capital assets	2,525,698	2,850,450	2,682,968
Write-down of tangible capital assets	-	-	19,553
Proceeds on disposal of tangible capital assets	-	13,735	12,895
(Gain) loss on disposal of tangible capital assets	-	(13,386)	(12,867)
	<u>63,710</u>	<u>(185,232)</u>	463,850
Change in inventories/prepaid expenses	<u>-</u>	<u>39,194</u>	<u>1,751</u>
<b>Increase (decrease) in Net Financial Assets</b>	<b><u>\$ 63,710</u></b>	<b>(146,038)</b>	465,601
<b>Net Financial Assets, beginning of year</b>		<b><u>4,326,240</u></b>	<b><u>3,860,639</u></b>
<b>Net Financial Assets, end of year</b>		<b><u>\$ 4,180,202</u></b>	<b><u>\$ 4,326,240</u></b>

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See accompanying notes to the consolidated financial statements.



# Town of Yarmouth

## Consolidated Statement of Cash Flow

Year Ended March 31

2016

2015

Decrease in cash and cash equivalents

### Operating activities

Annual surplus	\$ 1,323,037	\$ 2,144,671
Amortization	2,850,450	2,682,968
Write-down of tangible capital assets	-	19,553
Gain on disposal of tangible capital assets	(13,386)	(12,867)
Changes in non-cash items		
Sewer and water receivable	39,662	(135,950)
Taxes receivable	263,681	120,156
Prepaid expenses and inventories	39,194	1,751
Other receivables	346,627	(573,581)
Pension benefit asset	(235,958)	308,400
Tangible capital assets held for resale	-	(48,000)
Due from Provincial Government and agencies	66,803	24,219
Due to Federal Government and agencies	68,210	(59,145)
Payables and accruals	(182,275)	91,473
Other post employment benefits	50,978	27,323
Deferred revenue	(246,233)	(1,369,979)
Loans payable	(30,582)	(38,499)
	<u>4,340,208</u>	<u>3,182,493</u>

### Capital activities

Proceeds on disposal of tangible capital assets	13,735	12,895
Tangible capital assets acquired on change in proportionate ownership of controlled entity	-	(291)
Acquisition of tangible capital assets	<u>(4,359,068)</u>	<u>(4,383,079)</u>
	<u>(4,345,333)</u>	<u>(4,370,475)</u>

### Financing activities

Repayment of long-term debt	<u>(400,000)</u>	<u>(400,000)</u>
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### Investing activities

Decrease (increase) in loans, advances and investments	<u>25,158</u>	<u>(87,845)</u>
Net decrease in cash and cash equivalents	<u>(379,967)</u>	<u>(1,675,827)</u>
Cash and cash equivalents		
Beginning of year	<u>8,278,942</u>	<u>9,954,769</u>
End of year	<u>\$ 7,898,975</u>	<u>\$ 8,278,942</u>

See accompanying notes to the consolidated financial statements.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

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### 1. Summary of significant accounting policies

The consolidated financial statements of the Town of Yarmouth (the "Town") 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 Accounts Canada.

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

Significant aspects of the accounting policies adopted by the Town 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 Town and which are controlled by the Town. Along with the consolidation of the funds and reserves, the Town has consolidated its proportionate share as follows:

- Mariners Centre Management Authority
- Yarmouth & Acadian Shores Tourism Association
- Yarmouth Area Industrial Commission
- Yarmouth County Solid Waste Management Authority
- Yarmouth International Airport Corporation
- Yarmouth Waterfront Development Corporation

Interdepartmental and organizational transactions and balances are eliminated upon consolidation.

#### Budget

The budget figures contained in these financial statements were approved by Council on May 14, 2015 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) Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and a taxable event occurs, which for property taxes is the period for which the tax is levied.

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

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

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

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### 1. Summary of significant accounting policies (continued)

#### Revenue recognition (continued)

(b) 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.

(c) 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 Town are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term highly liquid investments with original maturities of three months or less. Bank borrowings are considered to be financing activities. Cash proceeds from tax sales in excess of the arrears taxes receivable are deposited in a separate bank account and are restricted for a period of twenty years at which time the cash can be taken into operations. The balance of the tax sale surplus account at year end is \$36,383 (2015 - \$36,023).

#### 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.

#### Short term debt

The Town of Yarmouth has an operating line of credit with the Bank of Montreal to a maximum of \$2,500,000. The line was drawn on to nil at March 31, 2016 (2015 - nil) with an interest rate of prime minus 0.5%.

#### 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 Town does not capitalize interest as part of the costs of its capital assets.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

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### 1. Summary of significant accounting policies (continued)

#### Tangible capital assets (continued)

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

Land improvements	25 years
Buildings	25-40 years
Plants	20-25 years
Landfill	5, 7 & 25 years
Machinery and equipment	10-15 years
Vehicles	5-10 years
Streets, roads and curbs	25 years
Traffic and street lights	25 years
Sidewalks	25 years
Sewer lines	50 years
Dams	25 years
Wharves	25 years

#### *School assets*

On January 1, 1982 the Town of Yarmouth in agreement with the Municipality of the District 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 Town 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 Town.

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

#### **Employee future benefits**

The Town accrues its obligations under employee future benefit plans and the related costs, net of plan assets. The cost of pensions earned by employees is actuarially determined using the accrued benefit method. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

Past service costs from plan amendments are netted with outstanding unamortized actuarial gains/losses and recognized immediately. Current service costs are expensed during the year.

The excess of net actuarial gains/losses is amortized over the average remaining service period of active employees.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

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### 1. Summary of significant accounting policies (continued)

#### Use of estimates

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

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

Significant items subject to management estimates include:

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

#### Concentrations of credit risk

Concentrations of credit risk exist if a number of customers are engaged in similar economic activities or are located in the same geographic region, and indicate the relative sensitivity of the Town's performance to developments affecting a particular segment of borrowers or geographic region. Geographic credit risk exists for the Town due to most of its service being provided in the Town 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 Town. In order to reduce this economic risk, the Town has comprehensive credit procedures in place whereby analyses are performed to control the collection of amounts due to it.

#### 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.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

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### 2. Contributions to Boards and Commissions

The Town of Yarmouth is required to assist in financing the operations of the various boards, along with other Municipal Units 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. A 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.

Boards in which the Town has less than 50% Interest

- Regional Library - 11.5% Interest  
During 2016, the Town of Yarmouth paid \$44,478 (2015 - \$44,478) to the Regional Library.
- Tri-County Housing Authority - 12.5% Interest  
During 2016, the Town of Yarmouth paid \$221,009 (2015 - \$209,164) to the Province of Nova Scotia for transfer to the Tri-County Housing Authority to fund its share of the prior year's deficit.
- Western Regional Solid Waste Resource Management Authority (Waste Check) – 17.34% Interest  
During 2016, the Town of Yarmouth paid \$16,068 (2015 - \$18,049) as its share of the cost of operations of the Western Regional Solid Waste Resource Management Authority.
- Western Regional Enterprise Network – 16.67% Interest  
During 2016, the Town of Yarmouth paid \$45,258 (2015 - \$23,693) as its share of the cost of operations of the Western Regional Enterprise Network.

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<b>3. Sewer and water receivable</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Sewer and water rates receivable, gross	<b><u>\$ 704,056</u></b>	<b><u>\$ 733,475</u></b>
Valuation allowance		
Balance, beginning of year	<b><u>25,117</u></b>	<b><u>23,170</u></b>
Allowances during the year, net of write-offs	<b><u>10,303</u></b>	<b><u>2,007</u></b>
Balance, end of year	<b><u>35,420</u></b>	<b><u>25,117</u></b>
Sewer and water rates receivable, net	<b><u>\$ 668,636</u></b>	<b><u>\$ 708,298</u></b>

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**Town of Yarmouth**  
**Notes to the Consolidated Financial Statements**  
March 31, 2016

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<b>4. Taxes receivable</b>			<u>2016</u>	<u>2015</u>
	<u>Current year</u>	<u>Prior year</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$1,043,583	<b>\$ 1,043,583</b>	\$ 1,054,682
Current year's levy	10,950,231	-	<b>10,950,231</b>	11,095,233
Interest on outstanding taxes	<u>142,880</u>	<u>-</u>	<b><u>142,880</u></b>	<u>159,474</u>
	<u>11,093,111</u>	<u>1,043,583</u>	<b><u>12,136,694</u></b>	<u>12,309,389</u>
Deduct				
Current year's collections	10,345,415	683,511	<b>11,028,926</b>	10,929,869
Reduced taxes	<u>314,234</u>	<u>-</u>	<b><u>314,234</u></b>	<u>335,937</u>
	<u>10,659,649</u>	<u>683,511</u>	<b><u>11,343,160</u></b>	<u>11,265,806</u>
Balance, before allowance	433,462	360,072	<b>793,534</b>	1,043,583
Less valuation allowance	<u>-</u>	<u>122,689</u>	<b><u>122,689</u></b>	<u>109,057</u>
Balance, end of year	<b><u>\$ 433,462</u></b>	<b><u>\$ 237,383</u></b>	<b><u>\$ 670,845</u></b>	<b><u>\$ 934,526</u></b>

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<b>5. Other receivables</b>			<u>2016</u>	<u>2015</u>
Trade receivables			<b>\$ 417,675</b>	633,192
Amounts due to controlled entities			<b><u>156,918</u></b>	<u>144,582</u>
			<b>574,593</b>	777,774
Harmonized sales taxes			<b>238,998</b>	397,991
Non-controlling interest due from subsidiaries			<b><u>145,816</u></b>	<u>130,269</u>
			<b><u>\$ 959,407</u></b>	<b><u>\$1,306,034</u></b>

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**6. Defined benefit pension plan**

The Town of Yarmouth sponsors a contributory defined benefit pension plan for substantially all of its employees. The plan provides pension benefits in two categories: for services prior to August 1, 1975, benefits are calculated using a career average earnings formula in which the benefits are a defined percentage of earnings for each year of service; and for services after August 1, 1975, benefits are 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 plans. The average age of the 56 active employees covered by the plan is 51.2. At present, the plan provides benefits for 23 retirees.

Employees make contributions equal to 6.5% percent of their salary and the Town contributes 13%. Total benefit payments to retirees during the year was approximately \$294,175 (2015 - \$246,007). Pension fund assets are invested primarily in marketable investments of organizations external to the Town.

Actuarial valuations for accounting purposes are preformed triennially using the accrued benefit method. The most recent actuarial valuation was prepared at March 31, 2014 and extrapolated to March 31, 2016. At that time the pension plan had an accrued benefit asset of \$271,458 (2015 - \$35,500).

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

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### 6. Defined benefit pension plan (continued)

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 Town's best estimates.

The following summarizes the major assumptions in the valuation:

- the expected inflation rate is 3.5%;
- the discount rate used to determine the accrued benefit obligation is 5.25%;
- the expected rate of return is 5.25%;
- retirement age is 65; and
- estimated average remaining service life is 14 years.

Combined employer and employee contributions during the year were \$531,123 (2015 - \$500,403).

The Town's actuary performed an extrapolation of the March 31, 2014 valuation to determine the position of the plan as at March 31, 2016. Pension fund assets are valued at market values. Plan assets are comprised of Sun Life's Three Year Guaranteed Account Fund. Results of the extrapolation are as follows:

Market value of the pension plan asset	\$ 9,887,160
Accrued benefit obligation	(9,543,211)
Unamortized gains	<u>(72,491)</u>
Pension plan surplus	<u>\$ 271,458</u>

Under Nova Scotia Pension Plan regulations, the Town has 15 years to fund any deficit arising from the valuation.

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 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.



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**Town of Yarmouth**  
**Notes to the Consolidated Financial Statements**  
 March 31, 2016

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<b>7. Payables and accruals</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Trade payables and accruals	\$ 1,211,033	\$ 1,274,996
Amounts due from controlled entities	<u>172,673</u>	<u>226,029</u>
	<b>1,383,706</b>	1,501,025
Due to other local governments	<b>11,696</b>	23,939
Non-controlling interest due to subsidiaries	<u>-</u>	<u>52,713</u>
	<u><b>\$ 1,395,402</b></u>	<u><b>\$ 1,577,677</b></u>

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**8. Other post employment benefits**

Sick leave - The Town is liable for accumulated sick leave to a maximum of 200 unused days for each employee. At March 31, 2016, the maximum amount that would have to be paid to all employees amounted to \$780,579 (2015 - \$711,643). Upon retirement a non-union 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, 2016 was \$390,289 (2015 - \$355,821). This figure is based upon historical information and the likeliness of the sick leave to be used and awarded to the employee.

Service award retirement package – After 10 years of service at the Town, an employee becomes eligible receive a service award package at retirement. The amount of the package is one month's salary earned in the final year of service for every ten years employed at the Town. The total amount of this liability as at March 31, 2016 of \$319,464 (2015 - \$302,955) 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 Town.

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**Town of Yarmouth**  
**Notes to the Consolidated Financial Statements**  
 March 31, 2016

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<b>9. Deferred revenue</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Operating revenue	\$ 47,683	\$ 41,953
Capital and other revenue	152,143	91,107
Gas tax revenue	<u>876,469</u>	<u>1,189,468</u>
	<u><b>\$1,076,295</b></u>	<u><b>\$1,322,528</b></u>

Deferred revenue reported on the consolidated statement of financial position is made up of the following:

	<u><b>2016</b></u>	<u><b>2015</b></u>
Balance, beginning of year	<u><b>\$1,322,528</b></u>	<u><b>\$2,692,507</b></u>
Contributions from:		
Canada-Nova Scotia Infrastructure Secretariat	559,701	569,134
Local municipal governments and other	47,683	173,061
Customer security deposits	65,000	-
Interest earned	<u>16,044</u>	<u>19,518</u>
	<u><b>688,428</b></u>	<u><b>761,713</b></u>
Utilized for:		
Tangible capital asset acquisitions	888,744	1,976,859
Operations	<u>45,917</u>	<u>154,833</u>
	<u><b>934,661</b></u>	<u><b>2,131,692</b></u>
Balance, end of year	<u><b>\$1,076,295</b></u>	<u><b>\$1,322,528</b></u>

As of April 1, 2015, the Town had \$1,189,468 in deferred gas tax revenue. During the fiscal year, the Town received \$559,701 in gas tax funding, earned \$16,044 in interest due to unspent funds held in a bank account and recognized \$888,744 as revenue due to spending some of the funding on eligible projects. As of March 31, 2016, the Town has \$876,469 in deferred gas tax revenue.

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.

**Town of Yarmouth**  
**Notes to the Consolidated Financial Statements**  
 March 31, 2016

**10. Long-term debt**

	<u>March 31,</u> <u>2015</u>	<u>Repaid</u>	<u>March 31,</u> <u>2016</u>	<u>Interest</u>	<u>Interest</u> <u>rate</u>
General					
Nova Scotia Municipal Finance Corporation					
Public Works Building, due 2019	\$ 400,000	\$ 100,000	\$ 300,000	\$ 18,649	5.125%-5.375%
Southeast Street, due 2021	1,499,998	166,667	1,333,331	67,644	4.584%-5.088%
Brooklyn Street, due 2022	<u>1,066,669</u>	<u>133,333</u>	<u>933,336</u>	<u>44,768</u>	4.525%-4.77%
Total	<u>\$ 2,966,667</u>	<u>\$ 400,000</u>	<u>\$ 2,566,667</u>	<u>\$ 131,061</u>	

Principal repayments required in the next five years are as follows:

2017	\$400,000
2018	\$400,000
2019	\$400,000
2020	\$300,000
2021	\$300,000

**Town of Yarmouth**  
**Notes to the Consolidated Financial Statements**  
 March 31, 2016

	Land	Land improvements	Land	Municipal buildings	Other buildings	Machinery and equipment	Landfill	Vehicles	Streets and roads
<b>Cost</b>									
Balance, beginning of year	\$ 4,690,417	\$ 3,296,598	\$ 18,079,220	\$ 14,891,409	\$ 4,796,003	\$ 2,357,087	\$ 676,023	\$ 10,182,612	
Add									
Additions during the year	29,100	223,734	787,076	190,881	425,184	25,654	248,301	1,357,244	
Change in proportionate ownership of controlled entity	-	-	-	-	-	-	-	-	-
Less									
Disposals during the year	-	-	-	-	-	-	(51,566)	-	-
Balance, end of year	<u>4,719,517</u>	<u>3,520,332</u>	<u>18,866,296</u>	<u>15,082,290</u>	<u>5,221,187</u>	<u>2,382,741</u>	<u>872,758</u>	<u>11,539,856</u>	
<b>Accumulated amortization</b>									
Balance, beginning of year	-	1,186,544	5,480,671	3,038,784	3,104,488	1,405,366	479,510	3,176,229	
Add									
Amortization during the year	-	132,903	487,744	253,384	398,829	137,183	78,716	408,922	
Change in proportionate ownership of controlled entity	-	-	-	-	-	-	-	-	-
Impairment write-down	-	-	-	-	-	-	-	-	-
Less									
Accumulated amortization on disposals	-	-	-	-	-	-	(51,217)	-	-
Balance, end of year	-	<u>1,319,447</u>	<u>5,968,415</u>	<u>3,292,168</u>	<u>3,503,317</u>	<u>1,542,549</u>	<u>507,009</u>	<u>3,585,151</u>	
<b>NET BOOK VALUE</b>	<u>\$ 4,719,517</u>	<u>\$ 2,200,885</u>	<u>\$ 12,897,881</u>	<u>\$ 11,790,122</u>	<u>\$ 1,717,870</u>	<u>\$ 840,192</u>	<u>\$ 365,749</u>	<u>\$ 7,954,705</u>	
<b>NET BOOK VALUE, APRIL 1, 2015</b>	<u>\$ 4,690,417</u>	<u>\$ 2,110,054</u>	<u>\$ 12,598,549</u>	<u>\$ 11,852,625</u>	<u>\$ 1,691,515</u>	<u>\$ 951,721</u>	<u>\$ 196,513</u>	<u>\$ 7,006,383</u>	

# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

### 11. Tangible capital assets (continued)

	Street lights	Sidewalks	Sewer lines	Dam	Wharf	Work in progress	2016 Total	2015 Total
<b>Cost</b>								
Balance, beginning of year	\$ 738,898	\$ 5,217,474	\$ 25,077,979	\$ 1,017,089	\$ 6,045,752	\$ -	\$ 97,066,561	\$ 92,683,690
Add								
Additions during the year	98,944	-	558,577	-	6,166	408,207	4,359,068	4,383,079
Change in proportionate ownership of controlled entity	-	-	-	-	-	-	-	625
Less								
Disposals during the year	-	-	-	-	-	-	(51,566)	(833)
Balance, end of year	<u>837,842</u>	<u>5,217,474</u>	<u>25,636,556</u>	<u>1,017,089</u>	<u>6,051,918</u>	<u>408,207</u>	<u>101,374,063</u>	<u>97,066,561</u>
<b>Accumulated amortization</b>								
Balance, beginning of year	201,362	1,934,660	8,956,043	142,138	3,501,795	-	32,607,590	29,905,540
Add								
Amortization during the year	31,501	207,550	476,716	40,673	196,329	-	2,850,450	2,682,968
Change in proportionate ownership of controlled entity	-	-	-	-	-	-	-	334
Impairment write-down	-	-	-	-	-	-	-	19,553
Less								
Accumulated amortization on disposals	-	-	-	-	-	-	(51,217)	(805)
Balance, end of year	<u>232,863</u>	<u>2,142,210</u>	<u>9,432,759</u>	<u>182,811</u>	<u>3,698,124</u>	<u>-</u>	<u>35,406,823</u>	<u>32,607,590</u>
<b>NET BOOK VALUE</b>	<u>\$ 604,979</u>	<u>\$ 3,075,264</u>	<u>\$ 16,203,793</u>	<u>\$ 834,278</u>	<u>\$ 2,353,794</u>	<u>\$ 408,207</u>	<u>\$ 65,967,240</u>	<u>\$ 64,458,971</u>
<b>NET BOOK VALUE, APRIL 1, 2015</b>	<u>\$ 537,536</u>	<u>\$ 3,282,814</u>	<u>\$ 16,121,936</u>	<u>\$ 874,951</u>	<u>\$ 2,543,957</u>	<u>\$ -</u>	<u>\$ 64,458,971</u>	<u>\$ -</u>

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

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### 11. Tangible capital assets (continued)

In 1997, the former Yarmouth Airport Commission entered into an agreement with Transport Canada to transfer the airport assets and operations to the Yarmouth International Airport Corporation, which is proportionately owned by the Town. These assets have been recorded in these consolidated financial statements at \$1 as no fair value was available.

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### 12. Commitments

#### Domtex building demolition

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

#### Capital projects

Subsequent to year end the Town has awarded tenders for Brown/Cliff Street Sewer Separation and Main Street Streetscape. The contract for the Brown/Cliff Street Sewer Separation was awarded at \$3,294,260 plus HST. The contract for Main Street Streetscape was awarded at \$454,468 plus HST.

#### Organic waste collection and disposal contract

The Town has entered into a contract with Wasteco Ltd. for the handling and disposal of organic waste. The duration of the contract was for five years effective April 1, 2015 and the estimated annual payments for the next four years are as follows (excluding HST):

2017	\$297,447
2018	\$305,920
2019	\$314,648
2020	\$323,637

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

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### 13. Contingencies

#### *Health Clinics*

The Town has agreed to fund 33.33% of any deficit arising from the AM Clarke Health Center and the Harbour South Medical Clinic until they are operationally viable. For 2015 the Town has funded \$43,197 (2015 - \$45,261) for the AM Clarke Health Center and \$13,917 (2015 - \$13,069) for the Harbour South Medical Clinic.

#### *Yarmouth Area Industrial Commission*

The Yarmouth Area Industrial Commission is a co-sponsor of an individual pension plan (Note 6). The Commission has recorded their pension plan liability as outlined in the most recent actuarial report; however significant uncertainties exist surrounding the Commission's potential obligation for the pension plan due to Southwest Shore Development Authority's ongoing receivership and approvals related to the date of plan wind-up. Due to these significant uncertainties, the Commission cannot determine at this time whether they 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 to the Town in excess of what has been currently recorded is approximately \$51,627.

#### *Other*

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

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### 14. Landfill closure

The Town has transferred amounts annually for the past several years to the Capital Reserve Fund for landfill closure costs. At March 31, 2016, the total amount in this Capital Reserve was \$30,598 (2015 - \$28,962). The closure was effective December 31, 2007, and the post-closure costs were estimated at \$3,145,000 by a professional engineer. At the end of March 31, 2016, the landfill closure is complete and minimal future costs are expected.

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**Town of Yarmouth**  
**Notes to the Consolidated Financial Statements**  
March 31, 2016

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**15. Budget figures**

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

	<u>Approved Fiscal Plan</u>	<u>Adjustments</u>	<u>Fiscal Plan Per Financial Statements</u>
<b>Revenues</b>			
Taxes	\$ 12,414,319	\$(2,001,525)	\$ 10,412,794
Grants in lieu of taxes	1,142,376	-	1,142,376
Services provided to other governments	696,099	-	696,099
Sales of service	230,185	-	230,185
Other revenue from own sources	2,600,188	(734,944)	1,865,244
Unconditional transfers from other governments	1,212,349	(129,513)	1,082,836
Other transfers	234,664	(234,664)	-
Conditional transfers from other governments	971	(971)	-
Domestic, commercial and industrial water	1,890,000	(205,400)	1,684,600
Public fire protection	482,000	-	482,000
Interest	3,495	-	3,495
Other	12,000	-	12,000
Rental and events	503,058	-	503,058
Food and beverage sales	<u>88,500</u>	<u>-</u>	<u>88,500</u>
	<u>21,510,204</u>	<u>(3,307,017)</u>	<u>18,203,187</u>
<b>Expenses</b>			
General government services	1,607,053	(145,734)	1,461,319
Protective services	4,755,196	(265,440)	4,489,756
Transportation services	2,420,633	1,060,368	3,481,001
Environmental health services	2,831,251	189,635	3,020,886
Environmental development services	2,231,449	(595,578)	1,635,871
Recreational and cultural services	1,436,962	553,398	1,990,360
Fiscal services	4,096,866	(4,096,866)	-
Water and sanitation	<u>2,231,764</u>	<u>(260,782)</u>	<u>1,970,982</u>
	<u>21,611,174</u>	<u>(3,560,999)</u>	<u>18,050,175</u>
Annual (deficit) surplus	<u>\$ (100,970)</u>	<u>\$ 253,982</u>	<u>\$ 153,012</u>



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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

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### 16. Segment disclosure

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

Town 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, the Municipal Government Act, administration and maintenance of bylaws and change of address.

#### Protective Services

This department is primarily responsible for police and fire protection for its residents. The Town's other protective services include costs related to building inspection and animal and pest control.

#### Transportation Services

This department is responsible for the maintenance of specialized roads within its jurisdiction. The Town is also a partner in the operation and ownership of the Yarmouth International Airport Corporation.

#### 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 waste collection, recycling, composting, sewer hook-up, animal control and derelict vehicles.

#### Environmental Development Services

This department is responsible for overseeing residential and commercial construction in the Town. Its tasks include issuing and ordering civic numbers, issuing building permits and fire safety inspections.

#### Recreation and Cultural Services

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

#### Water and Sanitation Services

This department is responsible for potable water to the Town's residents.

# Town of Yarmouth Schedule of Segment Disclosure

March 31, 2016

## 16. Segment disclosure (continued)

	General government	Protective	Transportation	Environmental health	Environmental development	Recreation and cultural	Water and sanitation	2016 Consolidated
<b>Revenues</b>								
Taxes	\$ 1,021,208	\$ 2,866,281	\$ 2,121,313	\$ 1,975,137	\$ 1,136,215	\$ 1,284,881	\$ -	\$ 10,405,035
Grants in lieu of taxes	108,452	304,399	225,283	209,759	120,666	136,454	-	1,105,013
Services provided to other governments	-	540,202	-	202,891	-	-	-	743,093
Sales of service	71,922	10,226	36,426	-	62,681	65,865	-	247,120
Other revenue from own sources	423,572	28,789	295,860	1,014,289	159,060	31,887	-	1,953,457
Unconditional transfers from other governments	727,970	-	182,647	-	197,325	-	-	1,107,942
Conditional transfers from other governments	58,115	-	696,926	-	476,661	7,000	-	1,238,702
Domestic, commercial and industrial water	-	-	-	-	-	-	1,686,328	1,686,328
Public fire protection	-	-	-	-	-	-	465,621	465,621
Interest	42,332	-	102	2,526	3,848	403	7,882	57,093
Other	-	-	-	-	-	-	21,641	21,641
Rental and events	-	-	-	-	214,857	266,922	-	481,779
Food and beverage sales	-	-	-	-	-	75,553	-	75,553
	<u>2,453,571</u>	<u>3,749,897</u>	<u>3,558,557</u>	<u>3,404,602</u>	<u>2,371,313</u>	<u>1,868,965</u>	<u>2,181,472</u>	<u>19,588,377</u>
<b>Expenses</b>								
Salaries and benefits	763,732	1,532,461	909,594	640,183	572,264	377,325	470,807	5,266,366
Goods and services	212,325	2,829,695	1,274,924	1,606,258	856,964	470,074	1,150,348	8,400,588
Amortization	85,040	151,158	939,993	648,288	106,009	628,354	291,598	2,850,440
Interest	-	-	64,532	67,644	4,837	-	-	137,013
Other	563,739	47,205	186,162	180,253	267,751	568,613	46,554	1,860,277
	<u>1,624,836</u>	<u>4,560,519</u>	<u>3,375,205</u>	<u>3,142,626</u>	<u>1,807,825</u>	<u>2,044,366</u>	<u>1,959,307</u>	<u>18,514,684</u>
<b>Annual surplus (deficit)</b>	<u>\$ 828,735</u>	<u>\$ (810,622)</u>	<u>\$ 183,352</u>	<u>\$ 261,976</u>	<u>\$ 563,488</u>	<u>\$ (175,401)</u>	<u>\$ 222,165</u>	<u>\$ 1,073,693</u>

## Town of Yarmouth

### Notes to the Consolidated Financial Statements

March 31, 2016

#### 17. Subsidiary operations

	<b>2016</b>					<b>2015</b>						
		Yarmouth County Solid Waste Management Authority	Mariners Centre Management Board	Yarmouth International Airport Corporation	Yarmouth Waterfront Development Corporation Limited	Yarmouth Area Industrial Commission	Yarmouth and Acadian Shores Tourism Association		Total		Total	
<b>Revenues</b>												
Rental and events	\$	-	266,922	-	-	214,857	-	-	\$	481,779	\$	451,735
Food and beverage sales			75,553	-	-	-	-	-		75,553		83,380
Sales of service			65,865	36,426	-	62,681	-	-		164,972		190,361
Grants from governments			59,060	256,118	182,972	142,723	142,678	-		783,551		671,638
Other revenue from own sources		508,485	49,582	81,109	19,178	53,862	35,220	-		747,436		850,715
Interest		<u>2,526</u>	<u>403</u>	<u>102</u>	<u>689</u>	<u>3,158</u>	<u>-</u>	<u>-</u>		<u>6,878</u>		<u>7,044</u>
Expenses			511,011	373,755	202,839	477,281	177,898	-		2,260,169		2,254,873
Annual surplus (deficit)		<u>\$ 23,514</u>	<u>\$ (196,730)</u>	<u>\$ 7,825</u>	<u>\$ 174,003</u>	<u>\$ (47,333)</u>	<u>\$ (16,548)</u>	<u>\$ -</u>		<u>\$ (55,269)</u>		<u>\$ 42,207</u>
Financial assets		\$ 369,071	\$ 50,833	\$ 78,730	\$ 397,068	\$ 107,675	\$ 49,190	\$ -		\$ 1,052,567		\$ 894,391
Financial liabilities		<u>70,120</u>	<u>124,055</u>	<u>66,174</u>	<u>3,498</u>	<u>145,031</u>	<u>28,884</u>	<u>-</u>		<u>437,762</u>		<u>561,525</u>
Net financial assets (debt)		298,951	(73,222)	12,556	393,570	(37,356)	20,306	-		614,805		332,866
Non-financial assets		<u>574,385</u>	<u>3,984,235</u>	<u>107,899</u>	<u>180,647</u>	<u>2,464,889</u>	<u>1,037</u>	<u>-</u>		<u>7,313,092</u>		<u>7,650,300</u>
Accumulated surplus		<u>\$ 873,336</u>	<u>\$ 3,911,013</u>	<u>\$ 120,455</u>	<u>\$ 574,217</u>	<u>\$ 2,427,533</u>	<u>\$ 21,343</u>	<u>\$ -</u>		<u>\$ 7,927,897</u>		<u>\$ 7,983,166</u>

This schedule represents the share of the operations owned by the Town of Yarmouth.

These amounts are included in the consolidated statement of operations.

This schedule does not take into account inter-fund eliminations.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2016

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### 18. Remuneration

The total remuneration paid to councillors and senior staff during the year ended March 31, 2016, was as follows:

	<u>Position</u>	<u>Remuneration</u>
Pam Mood	Mayor	\$ 40,895
Jim MacLeod	Deputy Mayor	26,325
Ken Langille	Councillor	22,767
Daniel MacIsaac	Councillor	22,767
Phil Mooney	Councillor	22,767
Sandy Dennis	Councillor	22,767
Madeleine Daues	Councillor	22,767
Chief Administrative Officer	-	116,027

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### 19. Reserves

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

	<u>2016</u>	<u>2015</u>
Operating	<u>\$ 2,227,674</u>	<u>\$ 2,217,041</u>
Capital	<u>\$ 1,419,122</u>	<u>\$ 1,071,596</u>

The reserve balances comprise a portion of the consolidated accumulated surplus.

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### 20. Trust funds

The Trust Funds being administered by the Town of Yarmouth are not consolidated with the accounts of the Town. At March 31, 2016, the equity in Trust Funds under its trusteeship amounted to \$234,464 (2015 - \$269,333).

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### 21. Comparative figures

Certain comparative figures have been reclassified from those previously presented to better conform with the presentation required by Service Nova Scotia and Municipal Relations' Financial Information Return. The following is a summary of the reclassifications made to comparative figures so that these consolidated financial statements better represent the interpretations of *PS 3510, Tax Revenue*.

	<u>Prior Year Balance before Reclassification</u>	<u>Reclassification</u>	<u>Prior Year Balance after Reclassification</u>
Tax revenues	\$ 10,454,030	\$ (301,870)	\$ 10,152,160
General government services	1,593,342	(301,870)	1,291,472

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**Town of Yarmouth**  
**Water Utility**  
**Non-Consolidated Operating Fund Statement of**  
**Operations**

(Unaudited)

Year Ended March 31

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Domestic, commercial and industrial water	\$ 1,890,000	\$ 1,886,124	\$ 1,859,420
Public fire protection	482,000	465,621	508,503
Other	12,000	21,641	19,857
	<u>2,384,000</u>	<u>2,373,386</u>	<u>2,387,780</u>
Operating expenditures			
Source of supply (Page 31)	89,800	145,470	86,513
Power and pumping (Page 31)	252,524	227,733	233,285
Water treatment (Page 31)	564,735	618,853	453,625
Transmission and distribution (Page 31)	385,383	274,167	284,438
Administrative and general (Page 32)	425,576	426,811	396,735
Amortization	279,996	291,598	275,222
Taxes	83,750	80,087	81,840
	<u>2,081,764</u>	<u>2,064,719</u>	<u>1,811,658</u>
Operating profit	<u>302,236</u>	<u>308,667</u>	<u>576,122</u>
Non-operating expenditures (revenues)			
Debt charges			
Principal	120,000	120,000	120,000
Interest	19,744	19,234	25,387
Dividend to Operating Fund	100,000	100,000	100,000
Capital expenditures	50,000	-	-
Other interest	(1,200)	(931)	(2,142)
	<u>288,544</u>	<u>238,303</u>	<u>243,245</u>
Annual surplus	<u>\$ 13,692</u>	70,364	332,877
Accumulated surplus, beginning of year		<u>661,122</u>	<u>328,245</u>
Accumulated surplus, end of year		<u>\$ 731,486</u>	<u>\$ 661,122</u>

**Town of Yarmouth**  
**Water Utility**  
**Non-Consolidated Operating Fund Balance Sheet**

(Unaudited)

March 31

2016

2015

**Assets**

Cash and cash equivalents	<u>\$ 397,210</u>	<u>\$ 135,596</u>
Receivables		
Rates (less allowance for doubtful accounts \$22,222; 2015 - \$15,342)	463,807	506,175
Due from other local governments	3,284	3,284
Due from Town, Operating Fund	-	273,037
Due from Water Utility, Capital Fund	79,058	-
Other receivables		
Trade	3,411	3,411
HST	<u>28,171</u>	<u>19,356</u>
	<u>577,731</u>	<u>805,263</u>
Inventories, at cost	<u>2,625</u>	-
Inventories, at cost	<u>15,000</u>	<u>15,000</u>
	<u>\$ 992,566</u>	<u>\$ 955,859</u>

**Liabilities**

Payables and accruals		
Payable to Town, Operating Fund	\$ 160,192	\$ -
Payable to Water Utility, Capital Fund	-	210,398
Prepayment of taxes	14,915	-
Other	<u>85,973</u>	<u>84,339</u>
	<u>261,080</u>	<u>294,737</u>

**Accumulated surplus**

Accumulated surplus	<u>731,486</u>	<u>661,122</u>
	<u>\$ 992,566</u>	<u>\$ 955,859</u>

**Town of Yarmouth**  
**Water Utility**  
**Non-Consolidated Capital Fund Balance Sheet**

(Unaudited)

March 31

2016

2015

**Assets**

Cash and cash equivalents in the amortization fund	\$ 702,065	\$ 695,111
Receivable from Town, Operating Fund	6	6
Receivable from Water Utility, Operating Fund	-	210,398
Tangible capital assets		
Utility plant and equipment (Page 30)	<u>14,704,761</u>	<u>14,415,307</u>
	<u>\$15,406,832</u>	<u>\$15,320,822</u>

**Liabilities**

Payable to Town, Capital Reserve	\$ 320,000	\$ 440,000
Payable to Water Utility, Operating Fund	<u>79,058</u>	<u>-</u>
	<u>399,058</u>	<u>440,000</u>

**Equity**

Investment in capital assets (Page 30)	<u>15,007,774</u>	<u>14,880,822</u>
	<u>\$15,406,832</u>	<u>\$15,320,822</u>

**Town of Yarmouth**  
**Water Utility**  
**Non-Consolidated Tangible Capital Assets**

(Unaudited)

March 31	2016	2015
Land and rights	\$ 497,249	\$ 497,249
Structures and improvements	12,920,038	12,920,038
Electrical pumping equipment	376,033	376,033
Office equipment	145,588	22,259
Purification equipment	142,952	142,952
Transmission mains	1,280,758	1,280,758
Distribution mains	3,294,326	2,836,602
Services	298,877	298,877
Meter and meter installation	167,798	167,798
Hydrants	120,256	120,256
Dam repairs	240,865	240,865
Transportation equipment	249,944	249,944
Tools and work equipment	25,754	25,754
	<u>19,760,438</u>	<u>19,179,385</u>
Accumulated amortization	<u>(5,055,677)</u>	<u>(4,764,078)</u>
Net book value	<u>\$14,704,761</u>	<u>\$14,415,307</u>

**Non-Consolidated Statement of Investment in Capital Assets**

(Unaudited)

March 31	2016	2015
Balance, beginning of year	\$14,880,822	\$14,752,372
Add		
Term debt retired	120,000	120,000
Interest earned on amortization fund	6,952	8,450
	<u>126,952</u>	<u>128,450</u>
Balance, end of year	<u>\$15,007,774</u>	<u>\$14,880,822</u>



**Town of Yarmouth  
Water Utility  
Non-Consolidated Schedules to Operating Fund  
Statement of Operations**

(Unaudited)

Year Ended March 31

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Source of supply			
Supervision and engineering	\$ 43,660	\$ 30,293	\$ 42,001
Supervision and engineering	-	23,339	-
Other	<u>46,140</u>	<u>91,838</u>	<u>44,512</u>
	<u>\$ 89,800</u>	<u>\$ 145,470</u>	<u>\$ 86,513</u>
Power and pumping			
Supervision and engineering	\$ 31,850	\$ 30,031	\$ 27,688
Fuel and power	185,000	144,546	174,249
Maintenance of structure	14,500	1,026	9,427
Maintenance of equipment	4,774	31,756	11,127
Supplies	5,000	9,587	1,636
Other including telephone	<u>11,400</u>	<u>10,787</u>	<u>9,158</u>
	<u>\$ 252,524</u>	<u>\$ 227,733</u>	<u>\$ 233,285</u>
Water treatment			
Supervision and engineering	\$ 31,850	\$ 30,031	\$ 28,388
Supplies	507,580	574,341	380,350
Maintenance of structure	5,305	374	1,300
Maintenance of equipment	<u>20,000</u>	<u>14,107</u>	<u>43,587</u>
	<u>\$ 564,735</u>	<u>\$ 618,853</u>	<u>\$ 453,625</u>
Transmission and distribution			
Supervision and engineering	\$ 43,700	\$ 30,293	\$ 41,000
Operation of mains	30,000	32,995	29,332
Operation of meters	42,900	47,377	44,736
Maintenance of reservoirs	5,000	3,836	-
Maintenance of structure	5,000	5,089	10,027
Maintenance of mains	95,000	51,013	75,351
Maintenance of hydrants	24,000	10,939	5,342
Maintenance of meters	35,000	32,409	27,692
Maintenance of services	72,000	36,308	48,293
Transportation and travel	2,046	533	260
Salaries – mowing	2,732	-	-
Shop expenses	10,020	16,715	1,742
Rent	2,185	-	-
Clothing	800	599	663
Leak survey	<u>15,000</u>	<u>6,061</u>	<u>-</u>
	<u>\$ 385,383</u>	<u>\$ 274,167</u>	<u>\$ 284,438</u>

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**Town of Yarmouth  
Water Utility  
Non-Consolidated Schedules to Operating Fund  
Statement of Operations**

(Unaudited)

Year Ended March 31

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Administrative and general			
Salaries	\$ 224,420	\$ 226,859	\$ 199,960
Employee benefits	112,424	123,300	119,133
Insurance	10,200	10,128	11,558
Office	9,600	5,327	9,111
Rent	32,782	30,000	30,000
Audit	5,900	5,110	6,000
Regulatory expenses	5,200	2,688	2,738
Other	<u>25,050</u>	<u>23,399</u>	<u>18,235</u>
	<u>\$ 425,576</u>	<u>\$ 426,811</u>	<u>\$ 396,735</u>

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