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# Consolidated Financial Statements

Town of Yarmouth

March 31, 2020

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# Independent Auditor's Report

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**To the Mayor and Council of  
Town of Yarmouth**

## Opinion

We have audited the consolidated financial statements of Town of Yarmouth (the "Town"), 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 Town 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 Town 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.

## Other matter

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 26 to 31 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.

## 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 Town'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 and those charged with governance either intends to liquidate the Town or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Town'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 Town'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 Town'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 Town 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 Town 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  
October 8, 2020

Chartered Professional Accountants

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## Town of Yarmouth

# Management's Responsibility for Financial Reporting

March 31, 2020

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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.

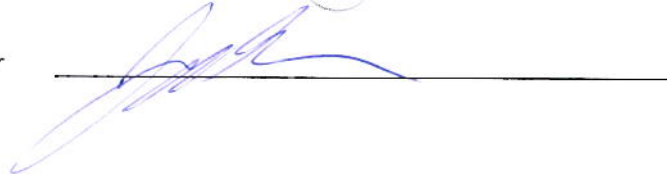
The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Town of Yarmouth and meet when 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



Chief Administrative Officer



# Town of Yarmouth

## Consolidated Statement of Operations

Year Ended March 31

2020

2019

	<u>Budget</u> (Note 14)	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Taxes	\$ 10,691,780	\$ 10,668,483	\$ 10,608,589
Grants in lieu of taxes	1,054,500	1,045,025	1,052,526
Services provided to other governments	780,000	663,317	692,471
Sales of services	253,680	280,411	222,238
Other revenue from own sources	2,077,093	2,014,655	2,144,850
Unconditional transfers from other governments	960,391	942,189	1,017,740
Conditional transfers from other governments	1,974,023	1,387,041	656,922
Domestic, commercial and industrial water	2,015,000	1,963,028	2,048,102
Public fire protection	517,562	531,407	531,407
Interest	62,968	230,460	195,536
Other	19,000	22,566	21,472
Rental and events	416,234	410,105	447,013
Food and beverage sales	<u>102,000</u>	<u>99,813</u>	<u>108,721</u>
	<u>20,924,231</u>	<u>20,258,500</u>	<u>19,747,587</u>
<b>Expenses</b>			
General government services	1,620,341	1,780,041	1,397,348
Protective services	4,823,982	4,878,350	5,047,809
Transportation services	3,677,057	3,714,747	3,550,973
Environmental health services	3,055,595	3,049,801	3,028,056
Environmental development services	1,587,347	1,552,816	1,512,331
Recreational and cultural services	2,311,583	2,308,125	2,315,870
Water and sanitation	<u>2,340,292</u>	<u>2,260,204</u>	<u>2,279,709</u>
	<u>19,416,197</u>	<u>19,544,084</u>	<u>19,132,096</u>
Annual surplus before the undernoted	1,508,034	714,416	615,491
Gain (loss) on disposal of tangible capital assets	5,000	(435)	110,682
Other pension recovery	<u>-</u>	<u>183,196</u>	<u>166,328</u>
Annual surplus	<u>\$ 1,513,034</u>	<u>\$ 897,177</u>	<u>\$ 892,501</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 73,611,792	\$ 72,719,291
Annual surplus		<u>897,177</u>	<u>892,501</u>
Accumulated surplus, end of year		<u>\$ 74,508,969</u>	<u>\$ 73,611,792</u>

See accompanying notes to the consolidated financial statements.

# Town of Yarmouth

## Consolidated Statement of Financial Position

March 31

2020

2019

### Financial Assets

Cash and cash equivalents	\$ 9,589,726	\$ 7,911,630
Taxes receivable (Notes 3)	547,335	636,025
Sewer and water rates receivable (Note 4)	1,064,232	1,106,019
Due from Provincial Government and agencies	100,803	120,704
Other receivables (Note 5)	643,530	536,384
Pension benefit asset (Note 6)	1,045,415	862,219
Portfolio investment	156,473	154,750
Assets held for resale	105,477	105,477
	<u>13,252,991</u>	<u>11,433,208</u>

### Financial Liabilities

Due to Federal Government and agencies	552,801	510,055
Due to Provincial Government and agencies	194,319	194,319
Payables and accruals (Note 7)	781,244	824,021
Other post employment benefits (Note 8)	796,433	742,103
Deferred revenue (Note 9)	2,087,298	1,798,520
Long-term debt (Note 10)	1,066,667	1,366,667
	<u>5,478,762</u>	<u>5,435,685</u>

### Net Financial Assets

7,774,229      5,997,523

### Non-Financial Assets

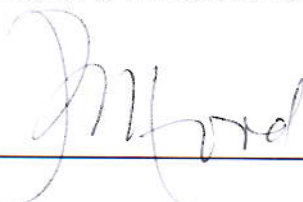
Tangible capital assets (Note 11)	66,491,151	67,174,010
Prepaid expenses	219,519	419,486
Inventories	24,070	20,773
	<u>66,734,740</u>	<u>67,614,269</u>

### Accumulated Surplus

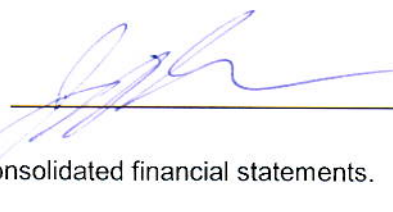
\$ 74,508,969      \$ 73,611,792

Commitments and contractual obligations (Note 12)  
Contingencies (Note 13)  
Subsequent events (Note 21)

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	2020		2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 1,513,034	\$ 897,177	\$ 892,501
Acquisition of tangible capital assets	(7,988,192)	(2,636,298)	(2,440,940)
Amortization of tangible capital assets	3,258,538	3,283,222	3,136,811
Proceeds on disposal of tangible capital assets	-	35,500	135,469
(Gain) loss on disposal of tangible capital assets	<u>(5,000)</u>	<u>435</u>	<u>(110,682)</u>
	(3,221,620)	1,580,036	1,613,159
Change in inventories/prepaid expenses	<u>-</u>	<u>196,670</u>	<u>(322,866)</u>
<b>(Decrease) increase in Net Financial Assets</b>	<b><u>\$ (3,221,620)</u></b>	<b>1,776,706</b>	<b>1,290,293</b>
<b>Net Financial Assets, beginning of year</b>		<b><u>5,997,523</u></b>	<b><u>4,707,230</u></b>
<b>Net Financial Assets, end of year</b>		<b><u>\$ 7,774,229</u></b>	<b><u>\$ 5,997,523</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

2020

2019

Increase in cash and cash equivalents

### Operating activities

Annual surplus	\$ 897,177	\$ 892,501
Amortization	3,283,222	3,136,811
Loss (gain) on disposal of tangible capital assets	435	(110,682)
Changes in non-cash items		
Taxes receivable	88,690	(74,278)
Sewer and water receivable	41,787	9,672
Due from Provincial Government and agencies	19,901	49,473
Other receivables	(107,146)	1,010,519
Pension benefit asset	(183,196)	(166,328)
Prepaid expenses and inventories	196,670	(322,866)
Due to Federal Government and agencies	42,746	(71,383)
Due to Provincial Government and agencies	-	(26,681)
Payables and accruals	(42,777)	(974,181)
Loans payable	-	(13,884)
Other post employment benefits	54,330	(68,566)
Deferred revenue	288,778	218,553
	<u>4,580,617</u>	<u>3,488,680</u>

### Capital activities

Proceeds on disposal of tangible capital assets	35,500	135,469
Acquisition of tangible capital assets	<u>(2,636,298)</u>	<u>(2,440,940)</u>
	<u>(2,600,798)</u>	<u>(2,305,471)</u>

### Financing activities

Repayment of long-term debt	<u>(300,000)</u>	<u>(400,000)</u>
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### Investing activities

Increase in portfolio investment	<u>(1,723)</u>	<u>(87,355)</u>
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Increase in cash and cash equivalents 1,678,096 695,854

Cash and cash equivalents

Beginning of year	<u>7,911,630</u>	<u>7,215,776</u>
End of year	<u>\$ 9,589,726</u>	<u>\$ 7,911,630</u>

See accompanying notes to the consolidated financial statements.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2020

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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.

The Town has consolidated the following proportionately controlled entities:

- 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 Limited

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 16, 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 14 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, 2020

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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 \$38,785 (2019 - \$37,964).

#### 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 not drawn on at March 31, 2020 (2019 - 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, 2020

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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, 20 & 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, 2020

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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 Town 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.

# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2020

### 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 2020, the Town of Yarmouth paid \$44,478 (2019 - \$44,478) to the Regional Library.
- Tri-County Housing Authority - 12.5% Interest  
During 2020, the Town of Yarmouth paid \$194,319 (2019 - \$166,705) 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 2020, the Town of Yarmouth paid \$18,149 (2019 - \$18,216) 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 2020, the Town of Yarmouth paid \$39,167 (2019 - \$39,167) as its share of the cost of operations of the Western Regional Enterprise Network.

3. Taxes receivable			<u>2020</u>	<u>2019</u>
	<u>Current year</u>	<u>Prior year</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ 636,025	\$ 636,025	\$ 561,747
Current year's levy	10,846,697	-	10,846,697	10,819,147
Interest on outstanding taxes	111,026	-	111,026	96,421
	<u>10,957,723</u>	<u>636,025</u>	<u>11,593,748</u>	<u>11,477,315</u>
Deduct				
Current year's collections	10,392,240	423,025	10,815,265	10,516,888
Reduced taxes	231,148	-	231,148	324,402
	<u>10,623,388</u>	<u>423,025</u>	<u>11,046,413</u>	<u>10,841,290</u>
Balance, before allowance	334,335	213,000	547,335	636,025
Less valuation allowance	-	-	-	-
Balance, end of year	<u>\$ 334,335</u>	<u>\$ 213,000</u>	<u>\$ 547,335</u>	<u>\$ 636,025</u>

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**Town of Yarmouth**  
**Notes to the Consolidated Financial Statements**  
March 31, 2020

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<b>4. Sewer and water rates receivable</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Sewer and water rates receivable, gross	<b><u>\$ 1,089,817</u></b>	<b><u>\$1,123,888</u></b>
Valuation allowance		
Balance, beginning of year	<b>17,869</b>	11,990
Allowances during the year, net of write-offs	<b><u>7,716</u></b>	<u>5,879</u>
Balance, end of year	<b><u>25,585</u></b>	<u>17,869</u>
Sewer and water rates receivable, net	<b><u>\$ 1,064,232</u></b>	<b><u>\$1,106,019</u></b>

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<b>5. Other receivables</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Trade receivables	<b>\$ 277,202</b>	174,026
Amounts due to controlled entities	<b><u>117,837</u></b>	<u>129,663</u>
	<b>395,039</b>	303,689
Harmonized sales taxes	<b>201,237</b>	192,945
Non-controlling interest due from subsidiaries	<b><u>47,254</u></b>	<u>39,750</u>
	<b><u>\$ 643,530</u></b>	<b><u>\$ 536,384</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 49.8. At present, the plan provides benefits for 29 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 \$439,840 (2019 - \$384,965). 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, 2020.

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.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

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March 31, 2020

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

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 4.75%;
- the expected rate of return is 4.75%;
- retirement age is 65; and
- estimated average remaining service life is 15 years.

Combined employer and employee contributions during the year were \$606,253 (2019 - \$587,739).

The Town's actuary performed an extrapolation of the March 31, 2020 valuation to determine the position of the plan as at March 31, 2020. 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	\$11,937,261
Accrued benefit obligation	(12,633,425)
Unamortized loss	<u>1,741,579</u>
Pension plan surplus	<u>\$ 1,045,415</u>

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### 7. Payables and accruals

	<u>2020</u>	<u>2019</u>
Trade payables and accruals	\$ 681,498	\$ 664,758
Amounts due to suppliers from the controlled entities	<u>99,746</u>	<u>159,263</u>
	<u>\$ 781,244</u>	<u>\$ 824,021</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, 2020, the maximum amount that would have to be paid to all employees amounted to \$843,180 (2019 - \$802,344). 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, 2020 was \$421,590 (2019 - \$401,172). 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 to 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, 2020 of \$374,843 (2019 - \$340,931) 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.

# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2020

### 8. Other post employment benefits (continued)

The Town 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.

9. Deferred revenue	<u>2020</u>	<u>2019</u>
Operating revenue	\$ 48,784	\$ 51,312
Capital and other revenue	176,169	146,943
Gas tax revenue	<u>1,862,345</u>	<u>1,600,265</u>
	<u>\$2,087,298</u>	<u>\$1,798,520</u>

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	<u>\$1,798,520</u>	<u>\$1,579,967</u>
Contributions from:		
Canada-Nova Scotia Infrastructure Secretariat	1,159,630	597,135
Local municipal governments and other	183,262	122,135
Interest earned	<u>31,728</u>	<u>31,278</u>
	<u>1,374,620</u>	<u>750,548</u>
Utilized for:		
Tangible capital asset acquisitions	929,259	461,731
Operations	<u>156,583</u>	<u>70,264</u>
	<u>1,085,842</u>	<u>531,995</u>
Balance, end of year	<u>\$2,087,298</u>	<u>\$1,798,520</u>

As of April 1, 2019, the Town had \$1,600,265 in deferred gas tax revenue. During the fiscal year, the Town received \$1,159,630 in gas tax funding, earned \$31,728 in interest due to unspent funds held in a bank account and recognized \$929,259 as revenue due to spending some of the funding on eligible projects. As of March 31, 2020, the Town has \$1,862,364 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, 2020

**10. Long-term debt**

	March 31, 2019	Repaid	March 31, 2020	Interest	Interest rate
General					
Nova Scotia Municipal Finance Corporation					
Southeast Street, due 2024	\$ 833,330	\$ 166,667	\$ 666,663	\$ 36,841	4.914% - 5.088%
Brooklyn Street, due 2023	<u>533,337</u>	<u>133,333</u>	<u>400,004</u>	<u>18,965</u>	4.7% - 4.77%
Total	<u>\$ 1,366,667</u>	<u>\$ 300,000</u>	<u>\$ 1,066,667</u>	<u>\$ 55,806</u>	

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

2021	\$300,000
2022	\$300,000
2023	\$300,000
2024	\$166,667

# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2020

### 11. Tangible capital assets

	<u>Land</u>	<u>Land improvements</u>	<u>Municipal buildings</u>	<u>Other buildings</u>	<u>Machinery and equipment</u>	<u>Landfill</u>	<u>Vehicles</u>	<u>Streets and roads</u>
<b>Cost</b>								
Balance, beginning of year	\$ 5,227,496	\$ 4,244,719	\$ 18,586,932	\$ 15,176,085	\$ 7,424,842	\$ 2,438,960	\$ 1,084,765	\$12,952,002
Add								
Additions during the year	9,728	15,993	83,423	-	1,060,072	203,894	-	583,340
Reclassification	-	-	-	-	-	-	-	-
Less								
Disposals during the year	-	-	-	-	(43,716)	-	(39,046)	-
Reclassification	-	-	-	-	-	-	-	-
Balance, end of year	<u>5,237,224</u>	<u>4,260,712</u>	<u>18,670,355</u>	<u>15,176,085</u>	<u>8,441,198</u>	<u>2,642,854</u>	<u>1,045,719</u>	<u>13,535,342</u>
<b>Accumulated amortization</b>								
Balance, beginning of year	-	1,785,943	6,818,374	4,075,289	4,484,721	1,832,886	702,700	4,978,612
Add								
Amortization during the year	-	157,540	537,953	263,271	462,471	95,801	99,006	502,070
Reclassification	-	-	-	-	-	-	-	-
Less								
Accumulated amortization on disposals	-	-	-	-	(7,782)	-	(39,045)	-
Reclassification	-	-	-	-	-	-	-	-
Balance, end of year	<u>-</u>	<u>1,943,483</u>	<u>7,356,327</u>	<u>4,338,560</u>	<u>4,939,410</u>	<u>1,928,687</u>	<u>762,661</u>	<u>5,480,682</u>
<b>NET BOOK VALUE</b>	<u>\$ 5,237,224</u>	<u>\$ 2,317,229</u>	<u>\$ 11,314,028</u>	<u>\$ 10,837,525</u>	<u>\$ 3,501,788</u>	<u>\$ 714,167</u>	<u>\$ 283,058</u>	<u>\$ 8,054,660</u>
<b>NET BOOK VALUE, MARCH 31, 2019</b>	<u>\$ 5,227,496</u>	<u>\$ 2,458,776</u>	<u>\$ 11,768,558</u>	<u>\$ 11,100,796</u>	<u>\$ 2,940,121</u>	<u>\$ 606,074</u>	<u>\$ 382,065</u>	<u>\$ 7,973,390</u>

## Town of Yarmouth Notes to the Consolidated Financial Statements March 31, 2020

### 11. Tangible capital assets (continued)

	Street lights	Sidewalks	Sewer lines	Dam	Wharf	Work in progress	2020 Total	2019 Total
<b>Cost</b>								
Balance, beginning of year	\$ 1,127,257	\$ 5,297,246	\$ 29,446,316	\$ 1,017,089	\$ 6,067,757	\$ 431,776	\$ 110,523,242	\$ 108,294,324
Add								
Additions during the year	-	-	-	-	-	679,848	2,636,298	2,440,940
Reclassification	-	-	-	-	-	-	-	-
Less								
Disposals during the year	-	-	-	-	-	-	(82,762)	(212,022)
Reclassification	-	-	-	-	-	-	-	-
Balance, end of year	<u>1,127,257</u>	<u>5,297,246</u>	<u>29,446,316</u>	<u>1,017,089</u>	<u>6,067,757</u>	<u>1,111,624</u>	<u>113,076,778</u>	<u>110,523,242</u>
<b>Accumulated amortization</b>								
Balance, beginning of year	354,207	2,762,888	10,981,027	304,851	4,267,734	-	43,349,232	40,399,656
Add								
Amortization during the year	44,628	208,140	547,039	40,682	324,621	-	3,283,222	3,136,811
Reclassification	-	-	-	-	-	-	-	-
Less								
Accumulated amortization on disposals	-	-	-	-	-	-	(46,827)	(187,235)
Reclassification	-	-	-	-	-	-	-	-
Balance, end of year	<u>398,835</u>	<u>2,971,028</u>	<u>11,528,066</u>	<u>345,533</u>	<u>4,592,355</u>	<u>-</u>	<u>46,585,627</u>	<u>43,349,232</u>
<b>NET BOOK VALUE</b>	<u>\$ 728,422</u>	<u>\$ 2,326,218</u>	<u>\$ 17,918,250</u>	<u>\$ 671,556</u>	<u>\$ 1,475,402</u>	<u>\$ 1,111,624</u>	<u>\$ 66,491,151</u>	<u>\$ 67,174,010</u>
<b>NET BOOK VALUE, MARCH 31, 2019</b>	<u>\$ 773,050</u>	<u>\$ 2,534,358</u>	<u>\$ 18,465,289</u>	<u>\$ 712,238</u>	<u>\$ 1,800,023</u>	<u>\$ 431,776</u>	<u>\$ 67,174,010</u>	

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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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2020

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### 12. Commitments and contractual obligations

#### 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 February 1, 2020 and the estimated annual payments for the remaining five years of the contract are as follows (excluding HST):

2021	\$331,728
2022	\$340,021
2023	\$348,521
2024	\$357,235
2025	\$366,166

#### Capital projects and expenditures

The Town has not started but has committed to the following capital expenditures as at March 31, 2020:

Broad Brook channel cleaning	\$ 500,000
Street paving	\$ 450,000
New sidewalks	\$ 300,000
Main Street storm/sewer separation	\$ 1,250,000

Amounts listed above are the approximated total cost of each capital expenditure.

The following capital projects were in work in progress as at March 31, 2020. The estimated cost of completion is as follows:

Fire hall renovations	\$ 825,000
Glebe Street storm/sewer separation	\$ 1,200,000
Glebe Street parking lot upgrades	\$ 220,000
Bulk water dispensing site	\$ 150,000
Ferry terminal upgrades	\$ 9,000,000

#### Ferry terminal

The Town has committed to provide funding of approximately \$1,500,000 for capital repairs and refurbishment of the Yarmouth ferry terminal. It is anticipated that funding will be provided over two fiscal years with completion expected in the upcoming fiscal year. Funding will also be obtained from federal, provincial and other local governments to assist with completion of the project.

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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 2020 the Town has funded \$25,128 (2019 - \$36,733) for the AM Clarke Health Center and \$32,225 (2019 - \$18,072) for the Harbour South Medical Clinic.

#### 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.

# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2020

### 14. 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:

	Approved <u>Fiscal Plan</u>	<u>Adjustments</u>	Fiscal Plan Per Financial <u>Statements</u>
<b>Revenues</b>			
Taxes	\$ 12,676,228	\$(1,984,448)	\$ 10,691,780
Grants in lieu of taxes	1,054,500	-	1,054,500
Services provided to other governments	780,000	-	780,000
Sales of services	253,680	-	253,680
Other revenue from own sources	2,952,492	(875,399)	2,077,093
Unconditional transfers from other governments	1,051,669	(91,278)	960,391
Conditional transfers from other governments	89,023	1,885,000	1,974,023
Other transfers	122,196	(122,196)	-
Domestic, commercial and industrial water	2,260,000	(245,000)	2,015,000
Public fire protection	517,562	-	517,562
Interest	62,968	-	62,968
Other	19,000	-	19,000
Rental and events	416,234	-	416,234
Food and beverage sales	102,000	-	102,000
	<u>22,357,552</u>	<u>(1,433,321)</u>	<u>20,924,231</u>
<b>Expenses</b>			
General government services	1,770,509	(150,168)	1,620,341
Protective services	4,981,903	(157,921)	4,823,982
Transportation services	2,441,908	1,235,149	3,677,057
Environmental health services	2,854,022	201,573	3,055,595
Environmental development services	2,072,473	(485,126)	1,587,347
Recreational and cultural services	1,642,551	669,032	2,311,583
Fiscal services	3,956,756	(3,956,756)	-
Water and sanitation	2,797,762	(457,470)	2,340,292
	<u>22,517,884</u>	<u>(3,101,687)</u>	<u>19,416,197</u>
Annual (deficit) surplus before the undernoted	(160,332)	1,668,366	1,508,034
Gain on disposal of tangible capital assets	-	5,000	5,000
Other pension recovery	-	-	-
Annual (deficit) surplus	<u>\$ (160,332)</u>	<u>\$ 1,673,366</u>	<u>\$ 1,513,034</u>

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2020

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### 15. Segment disclosure

The Town is a 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, 2020

## 15. Segment disclosure (continued)

	General government	Protective	Transportation	Environmental health	Environmental development	Recreation and cultural	Water and sanitation	2020 Consolidated	2019 Consolidated
<b>Revenues</b>									
Taxes	\$ 1,098,731	\$ 3,011,164	\$ 2,292,929	\$ 1,882,491	\$ 958,476	\$ 1,424,692	\$ -	\$ 10,668,483	\$ 10,608,589
Grants in lieu of taxes	107,626	294,957	224,603	184,398	93,887	139,554	-	1,045,025	1,052,526
Services provided to other governments	-	590,158	-	73,159	-	-	-	663,317	692,471
Sales of services	42,237	10,884	50,898	-	72,720	103,672	-	280,411	222,238
Other revenue from own sources	367,805	-	340,226	982,355	240,909	83,360	-	2,014,655	2,144,850
Unconditional transfers from other governments	727,970	-	142,127	-	72,092	-	-	942,189	1,017,740
Conditional transfers from other governments	49,475	-	960,438	171,277	-	205,851	-	1,387,041	656,922
Domestic, commercial and industrial water	-	-	-	-	-	-	1,963,028	1,963,028	2,048,102
Public fire protection	-	-	-	-	-	-	531,407	531,407	531,407
Interest	138,016	-	1,289	10,896	2,822	784	16,653	230,460	195,536
Other	-	-	-	-	-	-	22,566	22,566	21,472
Rental and events	-	-	-	-	142,320	267,785	-	410,105	447,013
Food and beverage sales	-	-	-	-	-	99,813	-	99,813	108,721
	<u>2,591,860</u>	<u>3,907,163</u>	<u>4,012,510</u>	<u>3,304,576</u>	<u>1,583,226</u>	<u>2,325,511</u>	<u>2,533,654</u>	<u>20,258,500</u>	<u>19,747,587</u>
<b>Expenses</b>									
Salaries and benefits	821,670	1,463,443	959,371	727,247	495,563	541,003	580,174	5,588,471	5,923,805
Goods and services	296,720	3,185,364	1,474,020	1,590,183	688,846	833,295	1,278,051	9,346,479	9,155,504
Amortization	64,320	229,543	1,075,650	677,684	229,906	661,949	344,170	3,283,222	3,136,811
Interest	-	-	55,806	-	-	-	-	55,806	72,796
Other	597,331	-	149,900	54,687	138,501	271,878	57,809	1,270,106	843,180
	<u>1,780,041</u>	<u>4,878,350</u>	<u>3,714,747</u>	<u>3,049,801</u>	<u>1,552,816</u>	<u>2,308,125</u>	<u>2,260,204</u>	<u>19,544,084</u>	<u>19,132,096</u>
Annual surplus (deficit) before the undernoted	811,819	(971,187)	297,763	254,775	30,410	17,386	273,450	714,416	615,491
Gain on disposal of tangible capital assets	(1,186)	-	-	-	-	751	-	(435)	110,682
Other pension recovery	183,196	-	-	-	-	-	-	183,196	166,328
Annual surplus (deficit)	<u>\$ 993,829</u>	<u>\$ (971,187)</u>	<u>\$ 297,763</u>	<u>\$ 254,775</u>	<u>\$ 30,410</u>	<u>\$ 18,137</u>	<u>\$ 273,450</u>	<u>\$ 897,177</u>	<u>\$ 892,501</u>

# Town of Yarmouth Notes to the Consolidated Financial Statements

March 31, 2020

## 16. Subsidiary operations

	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	<u>2020</u>	<u>2019</u>
							Total	Total
Revenues								
Rental and events	\$ -	267,785	-	-	142,320	-	\$ 410,105	\$ 447,013
Food and beverage sales	-	99,813	-	-	-	-	99,813	108,721
Sales of services	-	103,671	50,898	-	72,720	-	227,289	176,217
Grants from governments	-	21,081	202,616	-	35,000	86,225	344,922	478,865
Other revenue from own sources	525,589	125,655	76,335	9,589	57,353	67,929	862,450	852,182
Interest	10,896	784	1,289	290	2,532	-	15,791	15,540
Other	-	751	-	-	-	-	751	2,223
Expenses	536,485	619,540	331,138	9,879	309,925	154,154	1,961,121	2,080,761
Annual surplus (deficit)	\$ 486,200	821,732	339,810	18,142	510,541	138,133	2,314,558	2,137,051
	\$ 50,285	(202,192)	(8,672)	(8,263)	(200,616)	16,021	\$ (353,437)	\$ (56,290)
Financial assets	\$ 437,496	27,218	59,468	467,134	334,925	44,435	\$ 1,370,676	\$ 1,479,448
Financial liabilities	57,637	94,917	18,339	3,498	54,385	7,419	236,195	289,564
Net financial assets (debt)	379,859	(67,699)	41,129	463,636	280,540	37,016	1,134,481	1,189,914
Non-financial assets	725,439	3,283,184	96,579	180,647	1,953,226	4,366	6,243,441	6,541,445
Accumulated surplus	\$ 1,105,298	3,215,485	137,708	644,283	2,233,766	41,382	\$ 7,377,922	\$ 7,731,359

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.

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.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2020

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### 17. Remuneration and expense reimbursements

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

	<u>Remuneration</u>	<u>Expenses</u>
Pam Mood – Mayor	\$ 54,447	\$ 14,964
Phil Mooney – Deputy Mayor	30,742	9,875
Jim MacLeod – Councillor	25,961	235
Steven Berry – Councillor	22,267	208
Don Berry – Councillor	25,961	1,885
Wade Cleveland – Councillor	25,961	6,216
Clifford Hood – Councillor	25,961	4,012
Jeff Gushue – Chief Administrative Officer	121,630	11,545

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### 18. 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>\$ 3,127,913</u>	<u>\$ 3,231,334</u>
Capital	<u>\$ 2,071,916</u>	<u>\$ 2,251,951</u>

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

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### 19. Trust funds

The Trust Funds being administered by the Town of Yarmouth are not consolidated with the accounts of the Town. At March 31, 2020, the equity in Trust Funds under its trusteeship amounted to \$253,346 (2019 - \$253,296).

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### 20. 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, 2020, the total amount in this Capital Reserve was \$63,229 (2019 - \$50,313). 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, 2020, 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, 2020

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### 21. Subsequent events

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 Town continues to assess the overall impact, however the spread of COVID-19 has not significantly impacted the operations of the Town from a cash flow perspective. The Town has been able to collect on its receivables and pay its liabilities as normal. Furthermore, the Town has been able to provide most services to its taxpayers as normal, with only small declines noted in areas such as its transit service or parking lot revenues. Operations ceased at the Mariners Centre from March to August 2020, however, controllable expenses were reduced where possible and cash flow was supported by all municipal funding partners. Significant planned capital projects were also undertaken subsequent to year end, further indicating that the Town is in a strong financial position and did not need to change course from its original plan and budget. The Town 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 Town 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 Town for future periods.

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

(Unaudited)

Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Domestic, commercial and industrial water	\$ 2,260,000	\$ 2,227,781	\$ 2,298,860
Public fire protection	517,562	531,407	531,407
Other	<u>19,000</u>	<u>22,565</u>	<u>21,472</u>
	<u>2,796,562</u>	<u>2,781,753</u>	<u>2,851,739</u>
Operating expenditures			
Source of supply (Page 30)	84,280	116,879	79,119
Power and pumping (Page 30)	286,340	232,251	268,025
Water treatment (Page 30)	777,070	728,468	772,159
Transmission and distribution (Page 30)	416,185	349,723	391,471
Administrative and general (Page 31)	474,467	519,247	461,137
Amortization	330,000	344,170	339,820
Taxes	<u>76,420</u>	<u>77,005</u>	<u>75,644</u>
	<u>2,444,762</u>	<u>2,367,743</u>	<u>2,387,375</u>
Operating profit	<u>351,800</u>	<u>414,010</u>	<u>464,364</u>
Non-operating expenditures (revenues)			
Debt charges			
Principal	-	-	80,000
Interest	-	-	1,539
Dividend to Operating Fund	100,000	100,000	100,000
Capital expenditures, transfer to			
Water Utility, Capital Fund	253,000	255,701	250,000
Other interest	<u>(1,200)</u>	<u>(9,618)</u>	<u>(2,137)</u>
	<u>351,800</u>	<u>346,083</u>	<u>429,402</u>
Annual surplus	<u>\$ -</u>	67,927	34,962
Accumulated surplus, beginning of year		<u>910,281</u>	<u>875,319</u>
Accumulated surplus, end of year		<u>\$ 978,208</u>	<u>\$ 910,281</u>

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

(Unaudited)

March 31

2020

2019

**Assets**

Cash and cash equivalents	<u>\$ 906,920</u>	<u>\$ 612,391</u>
Receivables		
Rates (less allowance for doubtful accounts \$18,482; 2019 - \$12,990)	642,434	669,400
Due from other local governments	3,284	3,284
Other receivables		
HST	<u>32,119</u>	<u>27,544</u>
	<u>677,837</u>	<u>700,228</u>
Prepays	<u>49,790</u>	<u>7,384</u>
Inventories, at cost	<u>15,000</u>	<u>15,000</u>
	<u>\$ 1,649,547</u>	<u>\$ 1,335,003</u>

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**Liabilities**

Payables and accruals		
Payable to Town, Operating Fund	\$ 8,042	\$ 73,365
Payable to Water Utility, Capital Fund	606,800	262,630
Prepayment of taxes	-	20,783
Other	<u>56,497</u>	<u>67,944</u>
	<u>671,339</u>	<u>424,722</u>

**Accumulated surplus**

Accumulated surplus	<u>978,208</u>	<u>910,281</u>
	<u>\$ 1,649,547</u>	<u>\$ 1,335,003</u>

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

(Unaudited)

March 31

2020

2019

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**Assets**

Cash and cash equivalents in the amortization fund	\$ 331,889	\$ 324,854
Receivable from Town, Operating Fund	6	6
Receivable from Water Utility, Operating Fund	606,800	262,630
Tangible capital assets		
Utility plant and equipment (Page 29)	<u>15,169,606</u>	<u>15,258,075</u>
	<u>\$16,108,301</u>	<u>\$15,845,565</u>

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**Equity**

Investment in capital assets (Page 29)	<u>\$16,108,301</u>	<u>\$15,845,565</u>
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**Town of Yarmouth**  
**Water Utility**  
**Non-Consolidated Tangible Capital Assets**

(Unaudited)

March 31	2020	2019
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	352,857	202,356
Purification equipment	212,836	159,642
Transmission mains	2,149,025	2,149,025
Distribution mains	3,833,867	3,833,867
Services	298,877	298,877
Meter and meter installation	167,798	167,798
Hydrants	120,256	120,256
Dam repairs	240,858	240,858
Transportation equipment	231,656	179,650
Tools and work equipment	<u>25,754</u>	<u>25,754</u>
	21,427,104	21,171,403
Accumulated amortization	<u>(6,257,498)</u>	<u>(5,913,328)</u>
Net book value	<u>\$15,169,606</u>	<u>\$15,258,075</u>

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

(Unaudited)

March 31	2020	2019
Balance, beginning of year	\$15,845,565	\$15,508,877
Add		
Term debt retired	-	80,000
Transfer from Water Utility, Operating Fund	255,701	250,000
Interest earned on amortization fund	<u>7,035</u>	<u>6,688</u>
	<u>262,736</u>	<u>336,688</u>
Balance, end of year	<u>\$16,108,301</u>	<u>\$15,845,565</u>

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

(Unaudited)

Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Source of supply			
Supervision and engineering	\$ 45,400	\$ 43,530	\$ 37,793
Site consulting and testing	-	-	1,666
Other	<u>38,880</u>	<u>73,349</u>	<u>39,660</u>
	<u>\$ 84,280</u>	<u>\$ 116,879</u>	<u>\$ 79,119</u>
Power and pumping			
Supervision and engineering	\$ 35,100	\$ 34,442	\$ 32,288
Fuel and power	179,900	168,903	166,773
Maintenance of structure	6,000	-	-
Maintenance of equipment	22,500	7,773	21,684
Supplies	30,000	8,592	35,440
Other including telephone	<u>12,840</u>	<u>12,541</u>	<u>11,840</u>
	<u>\$ 286,340</u>	<u>\$ 232,251</u>	<u>\$ 268,025</u>
Water treatment			
Supervision and engineering	\$ 35,100	\$ 34,154	\$ 31,475
Supplies	688,470	682,187	684,228
Maintenance of structure	3,500	2,971	2,566
Maintenance of equipment	<u>50,000</u>	<u>9,156</u>	<u>53,890</u>
	<u>\$ 777,070</u>	<u>\$ 728,468</u>	<u>\$ 772,159</u>
Transmission and distribution			
Supervision and engineering	\$ 45,050	\$ 43,634	\$ 36,745
Operation of mains	33,765	31,153	37,485
Operation of meters	44,468	48,508	58,483
Maintenance of reservoirs	18,000	6,056	1,874
Maintenance of structure	16,000	3,311	10,600
Maintenance of mains	105,995	99,268	105,524
Maintenance of hydrants	30,000	16,906	27,173
Maintenance of meters	30,000	24,864	19,466
Maintenance of services	57,948	60,464	63,261
Transportation and travel	1,800	11,008	686
Shop expenses	17,200	3,364	17,827
Rent	2,459	-	-
Clothing	1,500	1,187	1,924
Leak survey	<u>12,000</u>	<u>-</u>	<u>10,423</u>
	<u>\$ 416,185</u>	<u>\$ 349,723</u>	<u>\$ 391,471</u>

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

(Unaudited)

Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Administrative and general			
Salaries	\$ 249,030	\$ 263,673	\$ 238,163
Employee benefits	129,633	160,877	132,514
Insurance	10,680	13,620	10,469
Office	9,900	9,034	8,482
Rent	36,896	36,888	36,896
Audit	6,600	6,600	5,846
Regulatory expenses	5,682	6,328	3,021
Other	<u>26,046</u>	<u>22,227</u>	<u>25,746</u>
	<u>\$ 474,467</u>	<u>\$ 519,247</u>	<u>\$ 461,137</u>

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