



Consolidated Financial Statements

Town of Yarmouth

March 31, 2010

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## Auditors' report

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To the Mayor and Council of the  
Town of Yarmouth

We have audited the consolidated statement of financial position of the Town of Yarmouth as at March 31, 2010, and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Yarmouth as at March 31, 2010, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

Yarmouth, Nova Scotia  
October 22, 2010

Chartered Accountants

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**Town of Yarmouth****Consolidated Statement of Financial Activities**

Year Ended March 31

2010

Restated

2009

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**Revenue**

Taxes	\$ 10,946,157	\$ 10,896,197
Grants in lieu of taxes	544,798	480,226
Services provided to other governments	598,841	565,245
Sales of service	105,004	188,343
Other revenue from own sources	1,854,985	1,509,093
Unconditional transfers from other governments	472,010	423,834
Grants for capital purposes	1,877,025	350,946
Domestic, commercial and industrial water	1,316,635	1,330,150
Public fire protection	517,900	517,900
Interest	20,544	130,450
Other	75,818	21,065
Rental and events	270,064	262,002
Food and beverage sales	85,108	102,582
	<u>18,684,889</u>	<u>16,778,033</u>

**Expenditures**

General government services	2,430,568	2,158,771
Protective services	3,889,134	3,817,647
Transportation services	3,158,002	2,704,634
Environmental health services	3,340,969	3,571,482
Environmental development services	858,749	643,277
Recreational and cultural services	1,880,858	1,401,999
Source of supply	58,485	51,926
Power and pumping	194,456	195,636
Water treatment	461,839	457,140
Transmission and distribution	363,224	426,899
Water administration and general	329,360	347,811
Amortization of water utility tangible capital assets	225,000	225,000
Loss on disposal of tangible capital assets	197,007	85,779
	<u>17,387,651</u>	<u>16,088,001</u>
Annual surplus	1,297,238	690,032
Accumulated surplus, beginning of year	<u>48,999,597</u>	<u>48,309,565</u>
Accumulated surplus, end of year	<u>\$ 50,296,835</u>	<u>\$ 48,999,597</u>

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See accompanying notes to the consolidated financial statements.

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**Town of Yarmouth****Consolidated Statement of Financial Position**

March 31

2010

Restated

2009

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**Financial Assets**

Cash and cash equivalents	\$ 4,658,500	\$ 7,209,885
Sewer and water rate receivable (Note 4)	347,744	481,539
Taxes receivable (Notes 5 and 6)	1,065,295	889,864
Due from other Governments	215,972	365,755
Other receivables	1,296,851	1,042,823
Loans, advances and investments	<u>358,793</u>	<u>400,048</u>
	<u>7,943,155</u>	<u>10,389,914</u>

**Liabilities**

Provincial Governments and agencies	1,239,869	1,241,458
Payables and accruals	1,698,075	1,945,559
Pension benefit obligation (Note 9)	956,700	837,900
Landfill closure / post closure obligation (Note 14)	-	504,692
Deferred revenue	571,952	1,055,158
Long-term debt (Note 11 and Page 24)	<u>5,982,300</u>	<u>6,817,288</u>
	<u>10,448,896</u>	<u>12,402,055</u>

**NET FINANCIAL LIABILITIES**(2,505,741)      (2,012,141)**Non-Financial Assets**

Tangible capital assets (Note 7)	52,552,297	50,821,362
Prepaid expenses	232,645	170,357
Inventories	<u>17,634</u>	<u>20,019</u>
	<u>52,802,576</u>	<u>51,011,738</u>

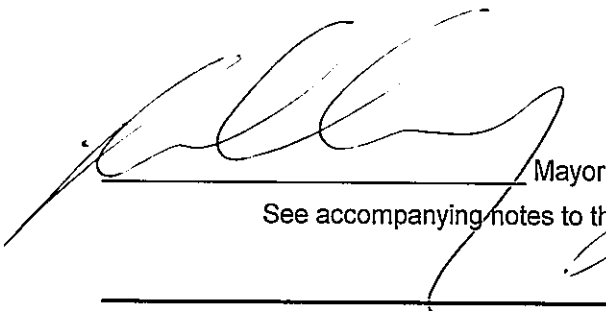
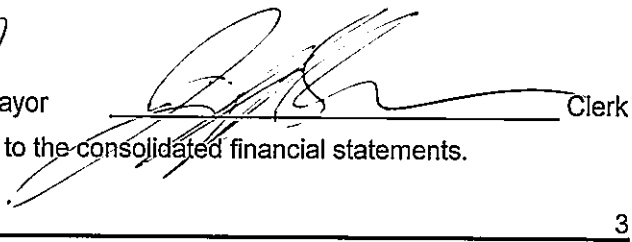
**ACCUMULATED SURPLUS**\$ 50,296,835      \$ 48,999,597

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Commitments (Note 10)

Contingencies (Note 15)

On behalf of the Town of Yarmouth

  
\_\_\_\_\_  
Mayor  
\_\_\_\_\_  
Clerk

See accompanying notes to the consolidated financial statements.

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**Town of Yarmouth**  
**Consolidated Statement of Changes in Net Debt**

March 31	2010	Restated 2009
<b>Annual Surplus</b>	<b>\$ 1,297,238</b>	<b>\$ 690,032</b>
Acquisition of tangible capital assets	(3,770,034)	(1,323,463)
Amortization of tangible capital assets	1,961,275	1,449,544
Write down of assets	(197,007)	(85,779)
Proceeds on sale of tangible capital assets	119,183	-
Other	<u>155,649</u>	<u>(109,394)</u>
	(433,696)	620,940
Change in prepaid expenses	<u>(59,904)</u>	<u>(122,870)</u>
<b>(INCREASE) DECREASE IN NET DEBT</b>	<b>(493,600)</b>	<b>498,070</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<b><u>(2,012,141)</u></b>	<b><u>(2,510,211)</u></b>
<b>NET DEBT, END OF YEAR</b>	<b><u>\$ (2,505,741)</u></b>	<b><u>\$ (2,012,141)</u></b>

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# Town of Yarmouth

## Consolidated Statement of Changes in Financial Position

Year Ended March 31	2010	Restated 2009
Increase (decrease) in cash and cash equivalents		
<b>Operating activities</b>		
Annual Surplus	\$ 1,297,238	\$ 690,032
Changes in non-cash items		
Amortization	1,961,275	1,449,544
Taxes receivable	(175,431)	(197,206)
Sewer and water receivable	133,795	6,465
Change in prepaid expenses	(59,904)	(122,870)
Due from Provincial Government and its agencies	149,783	(92,809)
Other receivables	(254,028)	167,901
Payables and accruals	(633,376)	757,134
Deferred revenue	(483,205)	584,442
Other	<u>155,648</u>	<u>(109,394)</u>
	<u>2,091,795</u>	<u>3,133,239</u>
<b>Capital activities</b>		
Proceeds on sale of tangible capital assets	119,183	-
Write down of tangible capital assets	(197,007)	(85,779)
Acquisition of tangible capital assets	<u>(3,770,034)</u>	<u>(1,323,463)</u>
	<u>(3,847,858)</u>	<u>(1,409,242)</u>
<b>Financing activities</b>		
Decrease in short term debt	-	(360,000)
Decrease in bank indebtedness	-	(1,585,717)
Long-term debt	(834,988)	1,773,798
Proceeds from Government net	<u>(1,589)</u>	<u>600,731</u>
	<u>(836,577)</u>	<u>428,812</u>
<b>Investing activities</b>		
Decrease in loans, advances and investments	<u>41,255</u>	<u>(59,735)</u>
Net (decrease) increase in cash and cash equivalents	(2,551,385)	2,093,074
Cash and cash equivalents		
Beginning of year	<u>7,209,885</u>	<u>5,116,811</u>
End of year	<u>\$ 4,658,500</u>	<u>\$ 7,209,885</u>

See accompanying notes to the consolidated financial statements.

# Town of Yarmouth

## Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2010

Restated  
2009

Revenue	Budget	Actual	Actual
1. Taxes			
Assessable property			
Residential	\$ 4,500,099	\$ 4,485,945	\$ 4,448,187
Commercial			
Based on taxable assessments	5,934,093	5,766,394	5,357,987
Resource			
Taxable assessments	9,921	9,250	6,740
Forest and farm acreage	196	171	197
Area rates			
Garbage collection	425,000	427,490	424,941
Sewer entrances	2,400	2,400	2,400
Sewer rates	665,000	644,426	628,677
	<u>11,536,709</u>	<u>11,336,076</u>	<u>10,869,129</u>
Business property			
Business occupancy	489,741	446,493	749,489
Based on revenue (Aliant)	118,500	97,637	118,490
Power Corporation	14,250	14,389	14,269
Power Corporation, HST rebate	66,000	92,453	66,466
Parking taxes	50,000	45,046	48,989
Business Improvement District	100,000	95,055	97,017
	<u>838,491</u>	<u>791,073</u>	<u>1,094,720</u>
Other taxes			
Deed transfer tax	190,000	130,716	244,344
Less			
Appropriation for Southwest Regional School Board	(1,311,660)	(1,311,708)	(1,311,996)
	<u>\$ 11,253,540</u>	<u>\$ 10,946,157</u>	<u>\$ 10,896,197</u>
2. Grants in lieu of taxes			
Federal government	\$ 164,500	\$ 178,424	\$ 164,736
Provincial government			
Property of supported institutions	290,000	289,956	229,842
Fire protection	11,800	26,418	25,648
Port Authority of Yarmouth	40,000	40,000	40,000
Southwest Regional School Board	-	10,000	20,000
	<u>\$ 506,300</u>	<u>\$ 544,798</u>	<u>\$ 480,226</u>
3. Services provided to other governments			
Other local governments			
Protective services	\$ 495,684	\$ 455,246	\$ 450,031
Environmental health services	96,000	143,595	115,214
	<u>\$ 591,684</u>	<u>\$ 598,841</u>	<u>\$ 565,245</u>

See accompanying notes to the consolidated financial statements.

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**Town of Yarmouth****Schedules to Consolidated Statement of Financial Activities**

Restated

Year Ended March 31

2010

2009

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
4. Sales of services			
General government services	\$ 500	\$ 48	\$ 56
First Nation fire protection	9,000	9,182	8,949
Parking			
Rentals	30,000	30,863	28,510
Fines	<u>13,000</u>	<u>17,710</u>	<u>14,030</u>
	52,500	57,803	51,545
Mariners Centre	<u>64,430</u>	<u>47,201</u>	<u>136,798</u>
	<u>\$ 116,930</u>	<u>\$ 105,004</u>	<u>\$ 188,343</u>
5. Other revenue from own sources			
Licenses and permits	\$ 41,090	\$ 33,543	\$ 44,612
Fines	31,600	35,761	31,197
Rentals	-	46,060	31,330
Return on investments	126,000	67,451	54,021
Penalties and interest on taxes	177,000	179,506	133,876
Yarmouth International Airport Corporation	-	143,330	118,225
Landfill recoveries	-	326,383	331,170
Organic tipping fees	549,000	505,479	433,403
Fire Department recoveries	25,000	25,200	25,200
Marketing room levy	99,000	93,610	93,404
Yarmouth Waterfront development	-	88,737	-
Miscellaneous	<u>80,811</u>	<u>309,925</u>	<u>212,655</u>
	<u>\$1,129,501</u>	<u>\$ 1,854,985</u>	<u>\$ 1,509,093</u>
6. Unconditional transfers from other governments			
Provincial government			
Department of Transportation			
Machinery and equipment	\$ -	\$ 213	\$ 224
Equalization Grant	421,830	421,797	373,610
Foundation Grant	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
	<u>\$ 471,830</u>	<u>\$ 472,010</u>	<u>\$ 423,834</u>
7. Grants for Capital Purposes			
Federal Gas tax	\$ -	\$ 670,206	\$ 337,446
PCAP and other	-	382,597	13,500
ACOA, EMO, other local government	-	328,024	-
Province of Nova Scotia	<u>-</u>	<u>496,198</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,877,025</u>	<u>\$ 350,946</u>

See accompanying notes to the consolidated financial statements.

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**Town of Yarmouth****Schedules to Consolidated Statement of Financial Activities**

Restated

Year Ended March 31

2010

2009

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<b>Expenditures</b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>
8. General government services			
Legislative			
Mayor			
Remuneration	\$ 31,740	\$ 36,757	\$ 38,576
Expenses	-	-	4,135
Council			
Remuneration	115,320	117,180	117,882
Expenses	7,000	12,369	6,097
Other	<u>97,049</u>	<u>93,652</u>	<u>109,058</u>
	<u>251,109</u>	<u>259,958</u>	<u>275,748</u>
General administrative			
Administrative	615,750	646,119	614,896
Amortization	-	67,580	65,783
Interest	10,255	13,701	17,234
Pension adjustment	-	118,800	-
Post employment benefits (Note 8)	-	29,630	(337)
Financial management	24,000	24,517	24,000
Taxation			
Reduced taxation - Sections 69 and 71	<u>275,000</u>	<u>293,834</u>	<u>269,784</u>
	<u>925,005</u>	<u>1,194,181</u>	<u>991,360</u>
Other general government services			
Conventions and delegations	25,675	38,602	29,114
General accident and damage claims and public liability insurance	7,800	8,566	6,792
Grants to organizations	80,000	88,145	80,353
Other	11,800	15,679	50,595
Interest on short term borrowings	7,000	165	8,544
Valuation and allowances			
Uncollectible taxes	75,000	249,526	154,321
Own Agencies			
Levy for Business Improvement District Committee	85,000	87,015	84,867
Conditional transfers to other governments and agencies			
Regional library	41,200	44,988	39,904
Public Housing	224,000	213,438	206,292
Correctional appropriation	128,360	128,090	130,376
Assessment Services	<u>100,500</u>	<u>102,215</u>	<u>100,505</u>
	<u>786,335</u>	<u>976,429</u>	<u>891,663</u>
	<u>\$ 1,962,449</u>	<u>\$ 2,430,568</u>	<u>\$ 2,158,771</u>

See accompanying notes to the consolidated financial statements.

# Town of Yarmouth

## Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2010

Restated  
2009

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
9. Protective services			
Police protection			
Administration	\$ 144,972	\$ 152,553	\$ 145,898
Amortization	-	74,830	69,140
RCMP contract	1,740,000	1,667,467	1,686,522
RCMP Telecom Service	123,000	114,586	118,783
Police station and buildings	<u>44,024</u>	<u>37,246</u>	<u>37,567</u>
	<u>2,051,996</u>	<u>2,046,682</u>	<u>2,057,910</u>
Law enforcement			
Administration	<u>39,016</u>	<u>37,374</u>	<u>35,192</u>
Fire protection			
Administration	106,980	112,907	110,316
Amortization	-	7,995	7,994
Fire fighting force	784,470	809,581	760,223
Water supply and hydrants	455,370	431,728	448,514
Fire station and buildings	206,459	133,257	91,254
Fire fighting equipment	202,068	130,424	127,498
Other	<u>59,500</u>	<u>45,701</u>	<u>51,940</u>
	<u>1,814,847</u>	<u>1,671,593</u>	<u>1,597,739</u>
Other			
Building inspector	88,108	90,436	85,301
Animal and pest control	20,204	19,349	19,446
Emergency Measures	<u>21,110</u>	<u>23,700</u>	<u>22,058</u>
	<u>129,422</u>	<u>133,485</u>	<u>126,806</u>
	<u>\$ 4,035,281</u>	<u>\$ 3,889,134</u>	<u>\$ 3,817,647</u>
10. Transportation services			
Amortization	\$ -	\$ 450,079	\$ 410,014
Interest on debt	95,778	127,968	184,224
Common services	665,708	648,151	594,315
Road transport			
General equipment	195,988	219,551	214,332
Workshops and buildings	59,014	63,475	54,845
Roads and streets	551,000	478,981	525,256
Street lighting	156,000	155,382	149,219
Parking	94,476	85,662	89,130
Yarmouth Airport Corporation	-	790,279	340,556
Traffic services	97,840	78,474	82,743
Public transit	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
	<u>\$ 1,975,804</u>	<u>\$ 3,158,002</u>	<u>\$ 2,704,634</u>

See accompanying notes to the consolidated financial statements.

# Town of Yarmouth

## Schedules to Consolidated Statement of Financial Activities

Restated

Year Ended March 31

2010

2009

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
11. Environmental health services			
Amortization	\$ -	\$ 514,446	\$ 480,698
Sewage collection and disposal	669,401	705,672	579,143
Landfill operations	511,010	794,954	733,894
Solid waste reduction	50,510	36,863	40,621
Compost facility operations	584,082	551,467	554,359
Landfill closure / post closure cost	-	591,179	1,046,903
	<u>1,815,003</u>	<u>3,194,581</u>	<u>3,435,618</u>
Interest on debt	<u>109,565</u>	<u>146,388</u>	<u>135,864</u>
	<u>\$ 1,924,568</u>	<u>\$ 3,340,969</u>	<u>\$ 3,571,482</u>
12. Environmental development services			
Planning and zoning	\$ 215,597	\$ 197,681	\$ 186,582
Heritage inventory project	93,780	28,227	12,987
Southwest Shore Development Authority	169,000	161,996	157,614
Physician search	45,000	31,667	(6,666)
Grant officer	-	12,500	27,054
Yarmouth County Industrial Commission	27,500	38,000	45,000
Main Street Development	-	1,560	3,210
Tourism Association grant	30,000	45,000	16,350
GIS Technology project	29,246	29,664	33,711
Medical Clinic	55,000	189,660	94,667
Development studies and promotions	50,000	97,711	47,768
Mariners Centre	25,000	19,332	25,000
Community events	30,000	-	-
Ferry service	-	5,751	-
	<u>\$ 770,123</u>	<u>\$ 858,749</u>	<u>\$ 643,277</u>
13. Recreation and cultural services			
Amortization	\$ -	\$ 42,464	\$ 40,533
Recreation facilities			
Parks and playgrounds	463,957	322,698	448,881
Cultural buildings and facilities			
Sweeney's Museum	38,212	31,192	33,877
Town property maintenance	-	12,833	-
Waterfront maintenance	132,936	121,562	69,582
Milton school	64,080	52,004	19,959
Other recreational and cultural services			
Programs	6,600	6,620	6,460
YMCA	44,000	46,500	44,000
Argyle Theatre	-	-	25,000
Tree Program	<u>25,000</u>	<u>9,781</u>	<u>15,282</u>
	<u>774,785</u>	<u>645,654</u>	<u>703,574</u>
Mariners Centre	442,930	605,869	566,254
Waterfront Development Corporation	-	629,335	132,171
	<u>\$ 1,217,715</u>	<u>\$ 1,880,858</u>	<u>\$ 1,401,999</u>

See accompanying notes to the consolidated financial statements.

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**Town of Yarmouth****Consolidated Schedules to Statement of Financial Activities**

Restated

Year Ended March 31

2010

2009

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
14. Source of supply			
Supervision and engineering	\$ 36,300	\$ 36,425	\$ 38,051
Other	<u>39,290</u>	<u>22,060</u>	<u>13,875</u>
	<u>\$ 75,590</u>	<u>\$ 58,485</u>	<u>\$ 51,926</u>
15. Power and pumping			
Supervision and engineering	\$ 24,600	\$ 24,704	\$ 25,562
Fuel and power	156,000	146,929	143,672
Maintenance of structure	5,000	-	1,194
Maintenance of equipment	5,000	2,762	7,604
Supplies	6,500	9,302	7,518
Other including telephone	<u>10,020</u>	<u>10,759</u>	<u>10,086</u>
	<u>\$ 207,120</u>	<u>\$ 194,456</u>	<u>\$ 195,636</u>
16. Water treatment			
Supervision and engineering	\$ 24,600	\$ 28,864	\$ 25,562
Supplies	422,920	390,227	405,124
Maintenance of structure	5,000	4,342	5,776
Maintenance of equipment	<u>20,000</u>	<u>38,406</u>	<u>20,678</u>
	<u>\$ 472,520</u>	<u>\$ 461,839</u>	<u>\$ 457,140</u>
17. Transmission and distribution			
Supervision and engineering	\$ 37,200	\$ 36,425	\$ 38,051
Operation of mains	25,200	22,739	31,264
Operation of meters	35,040	36,524	32,483
Maintenance of reservoirs	5,000	2,401	2,307
Maintenance of structure	2,500	1,055	918
Maintenance of mains	100,000	91,243	117,534
Maintenance of hydrants	30,008	17,710	31,773
Maintenance of meters	35,000	23,168	46,090
Maintenance of services	97,500	97,557	102,089
Transportation and travel	2,000	250	595
Shop expenses	5,000	964	4,905
Clothing	1,000	756	546
Leak survey	<u>15,000</u>	<u>15,970</u>	<u>-</u>
	390,448	346,762	408,555
Interest on debt	<u>-</u>	<u>16,462</u>	<u>18,344</u>
	<u>\$ 390,448</u>	<u>\$ 363,224</u>	<u>\$ 426,899</u>

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See accompanying notes to the consolidated financial statements.

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**Town of Yarmouth****Consolidated Schedules to Statement of Financial Activities**

Restated

Year Ended March 31

2010

2009

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
18. Administrative and general			
Salaries	\$ 181,320	\$ 162,486	\$ 167,966
Employee benefits	110,160	100,207	101,348
Insurance	10,200	9,660	9,377
Office	7,500	5,745	6,040
Rent	32,000	30,000	30,000
Audit	5,400	-	5,400
Regulatory expenses	2,000	2,317	2,390
Other	<u>33,500</u>	<u>18,945</u>	<u>25,290</u>
	<u>\$ 382,080</u>	<u>\$ 329,360</u>	<u>\$ 347,811</u>

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See accompanying notes to the consolidated financial statements.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2010

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### 1. Summary of significant accounting policies

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

The focus of PSAB financial statements is on the financial position of the 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 owned or controlled by the Town. Along with the consolidation of the funds and reserves, the Town has consolidated its proportionate share of the Mariners Centre Management Board, the Yarmouth International Airport Corporation and the Yarmouth Waterfront Development Corporation.

Interdepartmental and organizational transactions and balances are eliminated.

#### **Basis of accounting**

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation.

#### **Revenue and expenditure**

Major revenue and expenditure items are recorded on an accrual basis. Certain sources of revenue are recorded on a cash basis. Principal payments relating to long-term debt are recorded as an expense when paid.

#### **Use of estimates**

In preparing the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

#### **Financial instruments**

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

#### **Short term debt**

The Town of Yarmouth has an operating line of credit with the Royal Bank of Canada to a maximum of \$2,000,000. No amount was drawn against the line of credit at March 31, 2010 (NIL, March 31, 2009) with an interest rate of prime minus 0.375%.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2010

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

#### 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.

#### Tangible capital assets

Effective April 1, 2009, The Town adopted the provisions of PSAB section 3150 Tangible Capital Assets. See further Note 18. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Capital assets are grouped into common categories as outlined in Note 7. The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as outlined in Note 7. Amortization is allocated as expenses to the functional area that it represents.

Assets under construction are not amortized until the asset is available for productive use. Funding related to the purchase of capital assets is recorded as revenue when earned and collection is certain.

#### *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.

#### **Budget**

The budget figures contained in these financial statements were approved by Council on May 21, 2009.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2010

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### 2. Contributions to Boards and Commissions

The Town of Yarmouth is required to finance 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 2010, the Town of Yarmouth paid \$44,988 (2009, \$39,904) to the Regional Library.
- Tri-County Housing Authority - 12.5% Interest  
At March 31, 2010, the Town of Yarmouth owes \$230,000 (2009, \$230,000) to the Province of Nova Scotia for transfer to the Tri-County Housing Authority to fund its share of the prior year's deficit.

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### 3. Trust funds

The Trust Funds being administered by the Town of Yarmouth are not consolidated with the accounts of the Town. At March 31, 2010, the equity in Trust Funds under its trusteeship amounted to \$117,558 (2009, \$117,099).

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4. Sewer, and water receivable	<u>2010</u>	<u>2009</u>
Sewer and water rates receivable, gross	<u>\$ 373,411</u>	<u>\$ 525,440</u>
Valuation allowance		
Balance, beginning of year	43,901	29,303
(Reductions) additions in year	<u>(18,234)</u>	<u>14,598</u>
Balance, end of year	<u>25,667</u>	<u>43,901</u>
Sewer rates receivable, net	<u>\$ 347,744</u>	<u>\$ 481,539</u>

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**Town of Yarmouth**  
**Notes to the Consolidated Financial Statements**  
March 31, 2010

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<b>5. Taxes receivable</b>			<u>2010</u>	<u>2009</u>
	<u>Current year</u>	<u>Prior year</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$1,248,844	\$ 1,248,844	\$ 1,086,064
Current year's levy	11,028,981	-	11,028,981	10,825,487
Interest on outstanding taxes	<u>226,672</u>	<u>-</u>	<u>226,672</u>	<u>123,962</u>
	<u>11,255,653</u>	<u>1,248,844</u>	<u>12,504,497</u>	<u>12,035,513</u>
Deduct				
Current year's collections	10,153,444	639,466	10,792,910	10,516,885
Reduced taxes	<u>293,834</u>	<u>-</u>	<u>293,834</u>	<u>269,784</u>
	<u>10,447,278</u>	<u>639,466</u>	<u>11,086,744</u>	<u>10,786,669</u>
Balance, before allowance	808,375	609,378	1,417,753	1,248,844
Less valuation allowance	<u>19,887</u>	<u>332,571</u>	<u>352,458</u>	<u>358,980</u>
Balance, end of year	<u>\$ 788,488</u>	<u>\$ 276,807</u>	<u>\$ 1,065,295</u>	<u>\$ 889,864</u>

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<b>6. Valuation allowance - uncollectible taxes</b>			<u>2010</u>	<u>2009</u>
Balance, beginning of year			\$ 358,980	\$ 393,406
Accounts recovered (written off) in year			(40,658)	(143,808)
Provision for the year			<u>34,136</u>	<u>109,382</u>
Balance, end of year			<u>\$ 352,458</u>	<u>\$ 358,980</u>

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2010

### 7. Tangible Capital assets

				<u>2010</u>	<u>2009</u>
	Useful <u>Life</u>	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	Indefinite	\$ 2,849,003	\$ -	\$ 2,849,003	\$ 2,711,894
Land improvements	25	1,728,423	715,401	1,013,022	1,042,867
Municipal buildings	25-40	11,366,928	3,104,562	8,262,366	8,350,483
Buildings – Other	20-25	13,645,725	1,852,266	11,793,459	10,871,534
Landfill	25	2,587,329	766,803	1,820,526	1,891,984
Machinery and equipment	10-15	3,280,092	1,370,396	1,909,696	1,448,822
Vehicles	5	205,600	127,943	77,657	118,560
Engineered structures					
Streets, roads and curbs	25	6,903,710	2,784,066	4,119,644	3,919,880
Traffic and street lights	25	343,258	63,884	279,374	201,077
Sidewalks	25	3,613,164	1,123,829	2,489,335	2,201,765
Sewer lines	50	23,387,190	7,227,113	16,160,077	16,146,878
Dam	25	310,210	8,660	301,550	18,901
Wharf	25	<u>2,862,761</u>	<u>1,386,173</u>	<u>1,476,588</u>	<u>1,896,717</u>
		<u>\$ 73,083,393</u>	<u>\$ 20,531,096</u>	<u>\$ 52,552,297</u>	<u>\$ 50,821,362</u>

### 8. Subsidiary operations

	Mariners Centre Management Board	Yarmouth International Airport Corporation	Yarmouth Waterfront Development Corporation Limited	<u>Total</u>	<u>Total</u>
Rental and events	\$ 243,060	\$ -	\$ 27,004	\$ 270,064	\$ 262,002
Food and beverage sales	85,108	-	-	85,108	102,582
Sales of service	47,201	-	-	47,201	136,798
Revenue from own sources	-	143,330	88,737	232,067	118,225
Interest	311	-	2,347	2,658	8,591
Other	<u>328,024</u>	-	<u>57,925</u>	<u>385,949</u>	<u>13,792</u>
	703,704	143,330	176,013	1,023,047	641,990
Expenditures	<u>605,869</u>	<u>790,279</u>	<u>629,333</u>	<u>2,025,481</u>	<u>1,079,153</u>
Fund balance, end of year	<u>\$ 97,835</u>	<u>\$ (646,949)</u>	<u>\$ (453,320)</u>	<u>\$ (1,002,434)</u>	<u>\$ (437,163)</u>

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2010

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### 9. 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 59 active employees covered by the plan is 47.2. At present, the plan provides benefits for 8 retirees.

Employees make contributions equal to five percent of their salary and the Town contributes 12.8%. Total benefit payments to retirees during the year was approximately \$121,261 (2009, \$102,494). Pension fund assets are invested primarily in marketable investments of organizations external to the Town.

Actuarial valuations for accounting purposes are performed triennially using the projected unit credit method. The most recent actuarial valuation was prepared at March 31, 2007 and at that time the pension plan had an accrued benefit obligation of \$697,000.

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 three percent;
- the discount rate used to determine the accrued benefit obligation is six percent;
- the expected rate of return is six percent;
- retirement age is 65; and
- estimated average remaining service life is eighteen years.

Combined employer and employee contributions during the year were \$425,879 (2009, \$419,102).

The Town's actuary performed an extrapolation of the March 31, 2007 valuation to determine the position of the plan as at March 31, 2010. 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	\$ 5,121,800
Accrued benefit obligation	<u>6,710,900</u>
Pension plan deficit	<u>\$(1,589,100)</u>

The actuarially calculated pension liability at March 31, 2010 is \$956,700 (2009, \$838,452).

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

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2010

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### 10. Commitments

#### Pleasant Street

The Town has committed to reconstruct Pleasant Street for an estimated cost of \$3.9 million dollars. The project will receive funding from Canada-Nova Scotia Building Canada Fund for two thirds of the actual eligible costs or \$2,611,306, whichever is less. The project must be completed by March 31, 2011.

#### Traffic Lights

Subsequent to year end, the Town approved a tender in the amount of \$369,540, plus HST for the installation of traffic lights at the intersection of Cottage Street and Starr's Road.

#### Other

The Town has committed to upgrading its wastewater treatment facility in the amount of \$400,000, renovating the fire hall in the amount of \$500,000. These projects are to be financed from grants and reserves.

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### 11. Long-term debt

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

	<u>General capital</u>	<u>Water Utility</u>	<u>Total</u>
2011	\$719,000	\$100,000	\$819,000
2012	\$598,300	\$100,000	\$698,300
2013	\$598,300	\$ 99,979	\$698,279
2014	\$400,000	\$ -	\$400,000
2015	\$400,000	\$ -	\$400,000

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### 12. Remuneration

The total remuneration paid to councillors and senior staff during the year ended March 31, 2010, was as follows:

	<u>Position</u>	<u>Remuneration</u>
Phil Mooney	Mayor	\$42,409
Byron Boudreau	Deputy Mayor	\$22,876
Esther Dares	Councillor	\$18,825
Martin Pink	Councillor	\$18,825
Neil Mackenzie	Councillor	\$19,093
Ken Langille	Councillor	\$18,825
Daniel MacIsaac	Councillor	\$18,825
Chief Administrative Officer	-	\$100,358

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**Town of Yarmouth**  
**Notes to the Consolidated Financial Statements**  
 March 31, 2010

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**13. Reserves**

The following details the transactions incurred by the reserve funds during the year.

	<u>Operating</u>	<u>Capital</u>	<u>2010</u> <u>Total</u>	<u>2009</u> <u>Total</u>
Interest income	\$ 7,555	\$ 3,947	\$ 11,502	\$ 76,506
Other	<u>-</u>	<u>(576,908)</u>	<u>(576,908)</u>	<u>(1,036,215)</u>
	7,555	(572,961)	(565,406)	(959,709)
Opening fund balance	<u>593,197</u>	<u>639,222</u>	<u>1,232,519</u>	<u>2,192,228</u>
Closing fund balance	<u>\$ 600,752</u>	<u>\$ 66,361</u>	<u>\$ 667,113</u>	<u>\$ 1,232,519</u>

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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, 2010, the total amount in this Capital Reserve was \$52,944 (2009, \$628,854). 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, 2010, the landfill closure's complete and minimal future costs are expected.

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**15. Contingencies**

*Yarmouth Health Clinic*

During the period, the Town of Yarmouth paid \$nil (2009, \$nil) for capital to the Yarmouth and Area Industrial Commission for the Yarmouth Health Clinic. The Town has agreed to fund 33.33% of any deficit arising from the Clinic until it is operationally viable. For 2010 the Town has funded \$32,733 (2009, \$28,000).

*Yarmouth International Airport Corporation*

The Town of Yarmouth entered into an agreement with the Municipality of the District of Yarmouth and the Municipality of the District of Argyle to incorporate the Yarmouth Regional Airport Corporation to manage the operations of the former Yarmouth Airport Commission Association. The Town has committed to fund the operations of the new corporation based on a cost sharing formula, calculated as of January 1<sup>st</sup> of each year using an equal blend of population (last census data) and uniform assessment (most current assessment) as amended for each year as funding is required. During 2010, the Town contributed \$205,183 (2009, \$154,235) to fund these operations.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2010

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### 16. Segmented 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:

#### Administration

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.

#### Planning

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.

#### Operational 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.

#### Recreation

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

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### 17. Comparative balances

Some of the prior year balances have been reclassified to conform to the presentation adopted in the current period.

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### 18. Change in accounting policy

#### **Post Employment Benefit**

During the year, it was determined that the post employment benefit had been funded through transfers to the reserve, however, the full liability had not been set up in the operating fund. The general operating opening surplus has been reduced by \$280,952, with a corresponding increase in the liability for post employment benefits that existed at the beginning of 2009.

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2010

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### 18. Change in accounting policy (con't)

#### Tangible Capital Assets

Effective April 1, 2009, the Town has restated its financial statements to comply with the provisions of Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook. This section has established standards on how to account for and report tangible capital assets. Tangible capital assets are a significant economic resource managed by government and a key component in the delivery of many government programs. The standard requires these assets to be recorded at historical cost on the balance sheet and to allocate their costs to future accounting periods through annual amortization expense based on the estimated useful life. The Town was required to record the historical cost of their tangible capital assets and accumulated amortization on a retroactive basis with restatement of prior periods.

The Town determined historical cost based on historical accounting records.

The March 31, 2009 figures presented for comparative purposes have been restated from those previously reported as noted below:

#### Annual Surplus

Annual surplus, as previously reported	\$ 878,102
Add capital expenditures reversed	1,323,463
Add change in prepaid expenses	122,870
Less amortization of tangible capital assets	(1,449,544)
Less assets written off	(85,779)
Yarmouth International Airport Corporation change	<u>(99,080)</u>
Annual surplus, as restated	<u>\$ 690,032</u>

#### Tangible Capital Assets

Tangible capital assets, as previously reported	\$ 69,572,068
Add capital expenditures reversed	1,323,463
Less adjustment resulting from adoption of TCA policy	(18,538,846)
Less assets written off	(85,779)
Less amortization of tangible capital assets for fiscal 2009	<u>(1,449,544)</u>
Tangible capital assets, as restated	<u>\$ 50,821,362</u>

#### Liabilities

Liabilities, as previously reported	\$ 12,022,023
Add adjustment for sick accrual error	280,952
Yarmouth International Airport Corporation change	<u>99,080</u>
Liabilities, as restated	<u>\$ 12,402,055</u>

#### Accumulated Surplus

Accumulated surplus, as previously reported	\$ 67,129,362
Less adjustment resulting from adoption of TCA policy	(18,538,845)
Less adjustment for sick accrual error	<u>(280,952)</u>
Accumulated surplus, as restated	<u>\$ 48,309,565</u>

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# Town of Yarmouth

## Notes to the Consolidated Financial Statements

March 31, 2010

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### 18. Change in accounting policy (con't)

#### Prior period adjustment for the Yarmouth International Airport Corporation

During the prior year, the Airport received \$2,000,000 from the Province of Nova Scotia as financial assistance under the Industrial Development Act. The money was awarded to facilitate the initiation of commercial air passenger service in Yarmouth.

The money has been granted to Starlink Aviation Inc. as seed money, in accordance with the terms of the Agreement with the Province of Nova Scotia.

In 2009, the amount was recognized it as a grant, with any unused portion being deferred revenue. The amount has been restated as a liability in accordance with the terms of the agreement. The \$2,000,000 is non interest bearing and has no terms of repayment.

An adjustment to the statement of operations for the year ended March 31, 2009 as well as the balance sheet as of March 31, 2009 has been made to reflect this restatement.

Financial impact of restatement:

Decrease Provincial operating grant revenue	\$ (99,080)
Decrease deferred operating revenue	(488,520)
Increase Province of Nova Scotia loan	587,600

It was also noted during the prior year that municipal operating grant revenue was under claimed and provincial operating grant revenue was over claimed. The amounts as noted below have been adjusted by way of a prior period adjustment.

Financial impact of restatement:

Provincial operating grant revenue	\$ (12,880)
Municipal operating grant revenue	12,880

# Town of Yarmouth

## Consolidated Schedule of Debt Charges and Term Debt

Year Ended March 31

	March 31 <u>2009</u>	Redeemed (Advanced)	March 31 <u>2010</u>	Interest	Interest rate
General					
Nova Scotia Municipal Finance Corporation					
Sewer treatment plant, due Nov 2012	\$ 300,096	\$ 74,994	\$ 225,102	\$ 14,694	5.12%-5.62%
Town Hall, due Nov 2012	279,904	70,006	209,898	13,701	5.12%-5.62%
Sewage, due Oct 2012	213,366	53,347	160,019	8,815	4.58%-4.72%
Public Works Building, due Oct 2018	1,000,000	100,000	900,000	47,742	4.38%-5.38%
Southeast Street, due 2023	2,500,000	166,667	2,333,333	110,096	3.75%-5.09%
Brooklyn Street, due 2022	<u>1,866,667</u>	<u>133,333</u>	<u>1,733,334</u>	<u>81,172</u>	4.38%-4.77%
	6,160,033	598,347	5,561,686	276,220	
Royal Bank of Canada					
Royal Bank of Canada, due 2011	<u>257,283</u>	<u>136,649</u>	<u>120,634</u>	<u>12,783</u>	6.67%
Water					
Nova Scotia Municipal Finance Corporation					
Water treatment plant	6,417,316	734,996	5,682,320	289,003	
Due 2014	<u>399,972</u>	<u>99,992</u>	<u>299,980</u>	<u>16,529</u>	4.58%-4.72%
Total	<u>\$ 6,817,288</u>	<u>\$ 834,988</u>	<u>\$ 5,982,300</u>	<u>\$ 305,532</u>	