



Consolidated Financial Statements

Town of Yarmouth

March 31, 2011

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Independent auditors' report

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

To the Mayor and Council of the
Town of Yarmouth

We have audited the accompanying consolidated financial statements of the Town of Yarmouth, which comprise the statement of financial position as at March 31, 2011, the statements of financial activities and changes in net debt and statement of changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town of Yarmouth's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Yarmouth's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Yarmouth as at March 31, 2011, and the results of its financial activities, changes in net debt and its changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Yarmouth, Nova Scotia
December 6, 2011

Grant Thornton LLP

Chartered Accountants

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

Year Ended March 31

2011

2010

	<u>Unaudited Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Taxes	\$11,092,510	\$ 10,911,524	\$ 10,946,157
Grants in lieu of taxes	809,000	877,973	544,798
Services provided to other governments	589,068	653,073	598,841
Sale of service	101,825	123,842	105,004
Other revenue from own sources	1,557,144	1,712,706	1,854,985
Unconditional transfers from other governments	770,643	1,099,146	472,010
Grants for capital purposes	20,000	3,136,812	1,877,025
Domestic, commercial and industrial water	1,650,266	1,488,111	1,316,635
Public fire protection	359,196	429,203	517,900
Interest	-	30,465	20,544
Other	16,750	62,949	75,818
Rental end events	396,050	632,211	270,064
Food and beverage sales	<u>88,250</u>	<u>110,279</u>	<u>85,108</u>
	<u>17,450,702</u>	<u>21,268,294</u>	<u>18,684,889</u>
Expenditures			
General government services	1,943,996	1,654,287	2,627,575
Protective services	4,173,213	3,664,342	3,889,134
Transportation services	2,827,206	2,837,270	3,158,002
Environmental health services	2,513,551	2,861,803	3,340,969
Environmental development services	1,648,149	2,046,476	858,749
Recreational and cultural services	1,451,525	1,682,383	1,880,858
Water and sanitation	<u>1,834,988</u>	<u>1,778,207</u>	<u>1,632,364</u>
	<u>16,392,628</u>	<u>16,524,768</u>	<u>17,387,651</u>
Annual surplus	<u>\$ 1,058,074</u>	4,743,526	1,297,238
Accumulated surplus, beginning of year		<u>50,296,835</u>	<u>48,999,597</u>
Accumulated surplus, end of year		<u>\$ 55,040,361</u>	<u>\$ 50,296,835</u>

See accompanying notes to the consolidated financial statements.

Town of Yarmouth

Consolidated Statement of Financial Position

March 31

2011

2010

Financial Assets

Cash and cash equivalents	\$ 4,283,678	\$ 4,658,500
Sewer and water rate receivable (Note 4)	550,933	347,744
Taxes receivable (Notes 5 and 6)	1,306,411	1,065,295
Due from Federal Government and agencies	2,012,725	-
Due from Provincial Government and agencies	121,912	215,972
Other receivables	773,146	1,296,851
Loans, advances and investments	<u>375,935</u>	<u>358,793</u>
	<u>9,424,740</u>	<u>7,943,155</u>

Financial Liabilities

Short term debt	1,250,000	-
Federal Government and agencies	408,392	422,269
Provincial Government and agencies	814,800	817,600
Payables and accruals	1,629,386	1,698,075
Pension benefit obligation (Note 8)	576,700	956,700
Repayable contributions	134,092	-
Loans payable	297,275	-
Deferred revenue	495,024	571,952
Long-term debt (Note 10 and Page 21)	<u>5,163,325</u>	<u>5,982,300</u>
	<u>10,768,994</u>	<u>10,448,896</u>

Net Debt

(1,344,254) (2,505,741)

Non-Financial Assets

Tangible capital assets (Note 18)	56,284,948	52,552,297
Prepaid expenses	65,959	232,645
Inventories	<u>33,708</u>	<u>17,634</u>
	<u>56,384,615</u>	<u>52,802,576</u>

Accumulated Surplus

\$ 55,040,361 \$ 50,296,835

Commitments (Note 9)
Contingencies (Note 14)

On behalf of the Town of Yarmouth

_____ Mayor _____ Clerk

See accompanying notes to the consolidated financial statements.

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

March 31

2011

2010

Annual Surplus	\$ 4,743,526	\$ 1,297,238
Acquisition of tangible capital assets	(5,990,041)	(3,770,034)
Amortization of tangible capital assets	2,110,530	1,961,275
Write down of assets	146,860	(197,007)
Proceeds on sale of tangible capital assets	-	119,183
Other	-	155,649
	<u>1,010,875</u>	<u>(433,696)</u>
Change in prepaid expenses	<u>150,612</u>	<u>(59,904)</u>
Decrease (increase) in Net Debt	1,161,487	(493,600)
Net Debt, Beginning of Year	<u>(2,505,741)</u>	<u>(2,012,141)</u>
Net Debt, End of Year	<u>\$ (1,344,253)</u>	<u>\$ (2,505,741)</u>

See accompanying notes to the consolidated financial statements.

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

Year Ended March 31

2011

2010

Decrease in cash and cash equivalents

Operating activities

Annual Surplus	\$ 4,743,526	\$ 1,297,238
Changes in non-cash items		
Amortization	2,110,530	1,961,275
Taxes receivable	(241,116)	(175,431)
Sewer and water receivable	(203,189)	133,795
Prepaid expenses and inventories	150,612	(59,904)
Due from Federal Government and agencies	(2,012,725)	-
Due from Provincial Government and agencies	94,060	149,783
Other receivables	523,705	(254,028)
Pension benefit obligation	(380,000)	-
Payables and accruals	(68,689)	(633,376)
Deferred revenue	(76,928)	(483,205)
Repayable contributions and loans payable	<u>431,367</u>	<u>155,648</u>
	<u>5,071,153</u>	<u>2,091,795</u>

Capital activities

Proceeds on sale of tangible capital assets	-	119,183
Write down of tangible capital assets	146,860	(197,007)
Acquisition of tangible capital assets	<u>(5,990,041)</u>	<u>(3,770,034)</u>
	<u>(5,843,181)</u>	<u>(3,847,858)</u>

Financing activities

Increase in short term debt	1,250,000	-
Long-term debt, net of repayments	(818,975)	(834,988)
Proceeds from Federal and Provincial Governments and agencies	<u>(16,677)</u>	<u>(1,589)</u>
	<u>414,348</u>	<u>(836,577)</u>

Investing activities

(Increase) decrease in loans, advances and investments	<u>(17,142)</u>	<u>41,255</u>
Net decrease in cash and cash equivalents	(374,822)	(2,551,385)
Cash and cash equivalents		
Beginning of year	<u>4,658,500</u>	<u>7,209,885</u>
End of year	<u>\$ 4,283,678</u>	<u>\$ 4,658,500</u>

See accompanying notes to the consolidated financial statements.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2011

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, Yarmouth & Acadian Shores Tourism Association, The Yarmouth Area Industrial Commission, the Yarmouth County Solid Waste Management Authority 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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

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.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2011

1. Summary of significant accounting policies (continued)

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.

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 Royal Bank of Canada to a maximum of \$2,000,000. The line was drawn on to \$1,250,000 at March 31, 2011 (NIL, March 31, 2010) with an interest rate of prime minus 0.375%.

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

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Assets under construction are not amortized until the asset is available for productive use. Funding related to the purchase of capital assets is recorded as revenue when received. Donated assets are recorded at their estimated fair value at time of acquisition. The Town does not capitalize interest as part of the costs of its capital assets.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2011

1. Summary of significant accounting policies (continued)

Amortization for 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	25 years
Machinery and equipment	10-15 years
Vehicles	5 years
Streets, roads and curbs	25 years
Traffic & 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 it they are not currently under the control of the Town.

Deferred Revenue

Deferred revenue consists of funds received in advance for projects that will be completed in subsequent periods. These revenues will be recognized when the related projects are completed.

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.

Budget

The budget figures contained in these financial statements were approved by Council on May 13, 2010.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2011

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 2011, the Town of Yarmouth paid \$44,619 (2010, \$44,988) to the Regional Library.
- Tri-County Housing Authority - 12.5% Interest
At March 31, 2011, the Town of Yarmouth owes \$230,000 (2010, \$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.

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, 2011, the equity in Trust Funds under its trusteeship amounted to \$118,371 (2010, \$117,558).

4. Sewer, and water receivable	<u>2011</u>	<u>2010</u>
Sewer and water rates receivable, gross	<u>\$ 576,455</u>	<u>\$ 373,411</u>
Valuation allowance		
Balance, beginning of year	25,667	43,901
Reductions during the year	<u>(145)</u>	<u>(18,234)</u>
Balance, end of year	<u>25,522</u>	<u>25,667</u>
Sewer rates receivable, net	<u>\$ 550,933</u>	<u>\$ 347,744</u>

Town of Yarmouth
Notes to the Consolidated Financial Statements
 March 31, 2011

5. Taxes receivable			<u>2011</u>	<u>2010</u>
	<u>Current year</u>	<u>Prior year</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$1,417,753	\$ 1,417,753	\$ 1,248,844
Current year's levy	10,884,596	-	10,884,596	11,028,981
Interest on outstanding taxes	<u>245,800</u>	<u>-</u>	<u>245,800</u>	<u>226,672</u>
	<u>11,130,396</u>	<u>1,417,753</u>	<u>12,548,149</u>	<u>12,504,497</u>
Deduct				
Current year's collections	9,954,079	609,378	10,563,457	10,792,910
Reduced taxes	<u>307,558</u>	<u>-</u>	<u>307,558</u>	<u>293,834</u>
	<u>10,261,637</u>	<u>609,378</u>	<u>10,871,015</u>	<u>11,086,744</u>
Balance, before allowance	868,759	808,375	1,677,134	1,417,753
Less valuation allowance	<u>-</u>	<u>370,723</u>	<u>370,723</u>	<u>352,458</u>
Balance, end of year	<u>\$ 868,759</u>	<u>\$ 437,652</u>	<u>\$ 1,306,411</u>	<u>\$1,065,295</u>

6. Valuation allowance - uncollectible taxes			<u>2011</u>	<u>2010</u>
Balance, beginning of year			\$ 352,458	\$ 358,980
Accounts recovered (written off) in year			-	(40,658)
Provision for the year			<u>18,265</u>	<u>34,136</u>
Balance, end of year			<u>\$ 370,723</u>	<u>\$ 352,458</u>

Town of Yarmouth
Notes to the Consolidated Financial Statements

March 31, 2011

7. Subsidiary operations

						<u>2011</u>	<u>2010</u>
	<u>Mariners Centre Management Board</u>	<u>Yarmouth International Airport Corporation</u>	<u>Yarmouth Waterfront Development Corporation Limited</u>	<u>Yarmouth Area Industrial Commission</u>	<u>Yarmouth and Acadian Shores Tourism Association</u>	<u>Total</u>	<u>Total</u>
Rental and events	\$ 274,211	\$ -	\$ -	\$ 358,000	\$ -	\$ 632,211	\$ 270,064
Food and beverage sales	110,279	-	-	-	-	110,279	85,108
Sales of service	56,899	-	-	-	-	56,899	47,201
Other revenue from own sources	-	322,357	150,000	539,543	91,462	1,103,362	232,067
Interest	609	-	2,260	-	-	2,869	2,658
Other	4,914	-	-	-	-	4,914	385,949
	<u>446,912</u>	<u>322,357</u>	<u>152,260</u>	<u>897,543</u>	<u>91,462</u>	<u>1,910,534</u>	<u>1,023,047</u>
Expenditures	<u>453,964</u>	<u>307,787</u>	<u>335,061</u>	<u>840,680</u>	<u>92,597</u>	<u>2,030,089</u>	<u>2,025,481</u>
Annual surplus (deficit)	<u>\$ (7,052)</u>	<u>\$ 14,570</u>	<u>\$ (182,801)</u>	<u>\$ 56,863</u>	<u>\$ (1,135)</u>	<u>\$ (119,555)</u>	<u>\$ (1,002,434)</u>

These amounts are included in the consolidated statement of financial activities.

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

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2011

8. 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 48.6. At present, the plan provides benefits for 9 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 \$185,098 (2010, \$121,261). 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 projected unit credit method. The most recent actuarial valuation was prepared at March 31, 2011 and at that time the pension plan had an accrued benefit obligation of \$576,700.

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 2.5%;
- the discount rate used to determine the accrued benefit obligation is 5.3%;
- the expected rate of return is 5.3%;
- retirement age is 65; and
- estimated average remaining service life is eighteen years.

Combined employer and employee contributions during the year were \$438,391 (2010, \$425,879).

The Town's actuary performed an extrapolation of the March 31, 2007 valuation to determine the position of the plan as at March 31, 2011. 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	\$ 5,819,400
Accrued benefit obligation	<u>6,396,100</u>
Pension plan deficit	<u>\$ (576,700)</u>

The actuarially calculated pension liability at March 31, 2011 is \$576,700 (2010, \$956,700).

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

Effective March 31, 2011, the Town Council has approved changes to the town pension plan which adjust the amount in which the town and the employees are able to contribute on an annual basis. As well the method in which the defined retirement benefit for each employee is calculated was adjusted. This change resulted in an \$852,000 gain, which was netted against \$455,200 in outstanding actuarial losses for a \$396,800 recovery on the pension plan deficit.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2011

8. Defined benefit pension plan (continued)

The Yarmouth Area Industrial Commission was a co-sponsor of an individual pension plan for a past employee. The plan provided pension benefits for services after January 1, 1995.

The actuarial valuation performed was calculated on a wind up basis as of June 11, 2010. At that time the pension plan had a deficit of \$158,025. The Commission is required to fund \$3,144 of the total pension deficit.

Pension fund assets were valued at market values. Results of the 2010 valuation are as follows:

Market value of the pension plan asset	\$ 275,053
Accrued benefit obligation	<u>433,078</u>
Pension plan deficit	<u>\$ (158,025)</u>

The funding deficiency indicated in the report by participating employer is \$3,144 for the Yarmouth Area Industrial Commission and \$154,881 for the South West Shore Development Authority.

9. 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 was completed subsequent to year end.

Fire Hall

The Town approved a tender in the amount of \$507,439, plus HST for upgrades to the Yarmouth Fire Hall.

Mariners Centre

Subsequent to year end, the Town approved the contribution of \$200,000 to the Mariners Centre for an expansion project.

Cottage Street

Subsequent to year end, the Town approved tender for installation of municipal water and sewer mains on Cottage Street in the amount of \$311,306, plus HST.

10. Long-term debt

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

	General capital	Water Utility	Total
2012	\$598,400	\$ 99,993	\$698,393
2013	\$598,400	\$ 99,993	\$698,393
2014	\$400,000	\$ -	\$400,000
2015	\$400,000	\$ -	\$400,000
2016	\$400,000	\$ -	\$400,000

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2011

11. Remuneration

The total remuneration paid to councillors and senior staff during the year ended March 31, 2011, was as follows:

	Position	Remuneration
Phil Mooney	Mayor	\$41,745
Byron Boudreau	Deputy Mayor	\$23,254
Esther Dares	Councillor	\$19,379
Martin Pink	Councillor	\$19,379
Neil Mackenzie	Councillor	\$19,379
Ken Langille	Councillor	\$19,379
Daniel MacIsaac	Councillor	\$19,379
Chief Administrative Officer	-	\$101,912

12. Reserves

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

			<u>2011</u>	<u>2010</u>
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Total</u>
Interest income	\$ 10,593	\$ 5,492	\$ 16,085	\$ 11,502
Other	<u>9,339</u>	<u>(30,059)</u>	<u>(20,720)</u>	<u>(576,908)</u>
	19,932	(24,567)	(4,635)	(565,406)
Opening fund balance	<u>600,752</u>	<u>66,361</u>	<u>667,113</u>	<u>1,232,519</u>
Closing fund balance	<u>\$ 620,684</u>	<u>\$ 41,794</u>	<u>\$ 662,478</u>	<u>\$ 667,113</u>

13. 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, 2011, the total amount in this Capital Reserve was \$24,046 (2010, \$52,944). 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, 2011, the landfill closure is complete and minimal future costs are expected.

14. 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 2011 the Town has funded \$41,804 for the AM Clarke Health Center and \$70,978 (2010, \$32,733) for the Harbour South Medical Clinic.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2011

14. Contingencies (continued)

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 1st 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 2011, the Town contributed \$130,557 (2010, \$205,183) to fund these operations.

Yarmouth Area Industrial Commission

The Yarmouth Area Industrial Commission is a co-sponsor of an individual pension plan (Note 9). The Commission has recorded their pension plan liability as outlined in the most recent actuarial report; however significant uncertainties exist surrounding the Commission's potential obligation for the pension plan due to Southwest Shore Development Authority's ongoing receivership and approvals related to the date of plan wind-up. Due to these significant uncertainties, the Commission cannot determine at this time whether they will be required to fund the pension plan obligation for an amount in excess of what has been currently recorded. Based on the most recent actuarial valuation, the maximum potential obligation to the town in excess of what has been currently recorded is approximately \$51,627.

Lawsuit

The Town has been named in a lawsuit brought on by a creditor of the now defunct Southwest Shore Development Authority. The likelihood of the outcome of this suit and an estimate of any liability for the Town of Yarmouth cannot be determined at this time, therefore no amount has been recognized in the financial statements.

15. Segmented disclosure

The Town is diversified municipal unit that provides a wide range of services to it's 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.

Town of Yarmouth
Notes to the Consolidated Financial Statements
March 31, 2011

15. Segmented disclosure (continued)

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.

16. Subsequent Event

Subsequent to year end the Town purchased a building and land on Water Street for \$350,000 from the Yarmouth Area Industrial Commission, an entity being consolidated at 33.33%.

17. Comparative balances

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

Town of Yarmouth

Notes to the Consolidated Financial Statements

Year Ended March 31

18. 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 & Roads</u>
Cost								
Balance, beginning of year	\$ 2,849,008	\$ 1,728,423	\$11,048,596	\$ 13,645,725	\$ 3,486,432	\$ 2,587,330	\$ 318,848	\$ 6,845,981
Add								
Net additions during the year	559,476	102,349	663,349	785,134	101,705	10,343	33,804	1,377,104
Less								
Impairments	(32,500)	-	(114,360)	-	-	-	-	-
Disposals during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(503,703)</u>
Balance, end of year	<u>3,375,984</u>	<u>1,830,772</u>	<u>11,597,585</u>	<u>14,430,859</u>	<u>3,588,137</u>	<u>2,597,673</u>	<u>352,652</u>	<u>7,719,382</u>
Accumulated amortization								
Balance, beginning of year	-	715,401	2,927,129	1,852,267	1,455,537	766,803	221,495	2,726,339
Add								
Amortization during the year	-	70,326	317,695	208,606	290,005	149,848	47,765	261,923
Less								
Accumulated amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(503,703)</u>
Balance, end of year	<u>-</u>	<u>785,727</u>	<u>3,244,824</u>	<u>2,060,873</u>	<u>1,745,542</u>	<u>916,651</u>	<u>269,260</u>	<u>2,484,559</u>
NET BOOK VALUE	<u>\$ 3,375,984</u>	<u>\$ 1,045,045</u>	<u>\$ 8,352,761</u>	<u>\$ 12,369,986</u>	<u>\$ 1,842,595</u>	<u>\$ 1,681,022</u>	<u>\$ 83,392</u>	<u>\$ 5,234,823</u>

Town of Yarmouth

Notes to the Consolidated Financial Statements

Year Ended March 31

18. Tangible Capital Assets (continued)

	<u>Street lights</u>	<u>Sidewalks</u>	<u>Sewer lines</u>	<u>Dam</u>	<u>Wharf</u>	<u>2011 Total</u>	<u>2010 Total</u>
Cost							
Balance, beginning of year	\$ 343,258	\$ 3,670,892	\$ 23,385,251	\$ 310,211	\$ 2,862,760	\$ 73,082,715	\$ 69,115,673
Add							
Net additions during the year	372,976	316,284	1,249,681	10,676	407,160	5,990,041	3,770,034
Less							
Impairments	-	-	-	-	-	(146,860)	197,007
Disposals during the year	<u>-</u>	<u>(57,728)</u>	<u>(332,635)</u>	<u>-</u>	<u>-</u>	<u>(894,066)</u>	<u>-</u>
Balance, end of year	<u>716,234</u>	<u>3,929,448</u>	<u>24,302,297</u>	<u>320,887</u>	<u>3,269,920</u>	<u>78,031,830</u>	<u>73,082,714</u>
Accumulated amortization							
Balance, beginning of year	63,885	1,181,057	7,225,172	8,660	1,386,673	20,530,418	18,569,142
Add							
Amortization during the year	21,173	148,755	453,142	12,621	128,671	2,110,530	1,961,275
Less							
Accumulated amortization on disposals	<u>-</u>	<u>(57,728)</u>	<u>(332,635)</u>	<u>-</u>	<u>-</u>	<u>(894,066)</u>	<u>-</u>
Balance, end of year	<u>85,058</u>	<u>1,272,084</u>	<u>7,345,679</u>	<u>21,281</u>	<u>1,515,344</u>	<u>21,746,882</u>	<u>20,531,417</u>
NET BOOK VALUE	<u>\$ 631,176</u>	<u>\$ 2,657,364</u>	<u>\$ 16,956,618</u>	<u>\$ 299,606</u>	<u>\$ 1,754,576</u>	<u>\$ 56,284,948</u>	<u>\$ 52,552,297</u>

Town of Yarmouth
Schedule of Segment Disclosure

March 31, 2011

	General government	Protective	Transportation	Environmental health	Environmental development	Recreation & cultural	Water and sanitation	2011 Consolidated	2010 Consolidated
Expenses									
Salaries and benefits	\$ 573,975	\$1,229,384	\$ 673,685	\$ 518,707	\$ 286,039	\$ 181,775	\$ 582,761	\$ 4,046,326	\$ 3,920,097
Goods and services	997,846	2,329,880	1,261,962	1,621,990	881,247	471,893	900,833	8,465,651	9,781,780
Amortization	72,420	105,078	482,778	596,850	-	319,345	282,685	1,859,156	1,382,394
Interest	10,046	-	118,143	124,256	-	-	11,928	264,373	304,519
Other	-	-	300,702	-	879,190	709,370	-	1,889,262	1,998,861
	<u>\$1,654,287</u>	<u>\$3,664,342</u>	<u>\$ 2,837,270</u>	<u>\$ 2,861,803</u>	<u>\$2,046,476</u>	<u>\$1,682,383</u>	<u>\$1,778,207</u>	<u>\$16,524,768</u>	<u>\$ 17,387,651</u>

Town of Yarmouth

Consolidated Schedule of Debt Charges and Term Debt

Year Ended March 31

	March 31 <u>2010</u>	Redeemed (Advanced)	March 31 <u>2011</u>	Interest	Interest rate
General					
Nova Scotia Municipal Finance Corporation					
Sewer treatment plant, due Nov 2012	\$ 225,102	\$ 74,994	\$ 150,108	\$ 10,775	5.12%-5.62%
Town Hall, due Nov 2012	209,898	70,006	139,892	10,046	5.12%-5.62%
Sewage, due Oct 2012	160,019	53,347	106,672	6,361	4.58%-4.72%
Public Works Building, due Oct 2018	900,000	100,000	800,000	43,254	4.38%-5.38%
Southeast Street, due 2023	2,333,333	166,667	2,166,666	103,677	3.75%-5.09%
Brooklyn Street, due 2022	<u>1,733,334</u>	<u>133,333</u>	<u>1,600,001</u>	<u>74,889</u>	4.38%-4.77%
	<u>5,561,686</u>	<u>598,347</u>	<u>4,963,339</u>	<u>249,002</u>	
Royal Bank of Canada					
Royal Bank of Canada	<u>120,634</u>	<u>120,634</u>	<u>-</u>	<u>3,441</u>	6.67%
	<u>5,682,320</u>	<u>718,981</u>	<u>4,963,339</u>	<u>252,443</u>	
Water					
Nova Scotia Municipal Finance Corporation					
Water treatment plant Due 2014	<u>299,979</u>	<u>99,993</u>	<u>199,986</u>	<u>11,926</u>	4.58%-4.72%
Total	<u>\$ 5,982,299</u>	<u>\$ 818,974</u>	<u>\$ 5,163,325</u>	<u>\$ 264,369</u>	