



Grant Thornton

Consolidated Financial Statements

Town of Yarmouth

March 31, 2019

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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, 2019, 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, 2019, 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 25 to 30 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
November 14, 2019

Chartered Professional Accountants
Licensed Public Accountants

Town of Yarmouth

Management's Responsibility for Financial Reporting

March 31, 2019

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

2019

2018

| | <u>Budget</u> (Note 15) | <u>Actual</u> | <u>Actual</u> |
|--|----------------------------|----------------------|----------------------|
| Revenues | | | |
| Taxes | \$ 10,688,690 | \$ 10,608,589 | \$ 10,591,336 |
| Grants in lieu of taxes | 1,059,500 | 1,052,526 | 1,050,039 |
| Services provided to other governments | 780,000 | 692,471 | 765,804 |
| Sale of service | 210,737 | 222,238 | 202,951 |
| Other revenue from own sources | 2,083,445 | 2,144,850 | 2,496,395 |
| Unconditional transfers from other governments | 983,394 | 1,017,740 | 1,444,404 |
| Conditional transfers from other governments | 711,024 | 656,922 | 3,004,651 |
| Domestic, commercial and industrial water | 1,941,758 | 2,048,102 | 2,040,863 |
| Public fire protection | 517,562 | 531,407 | 512,511 |
| Interest | 48,132 | 195,536 | 127,682 |
| Other | 16,000 | 21,472 | 20,084 |
| Rental and events | 433,852 | 447,013 | 457,200 |
| Food and beverage sales | <u>87,500</u> | <u>108,721</u> | <u>98,388</u> |
| | <u>19,561,594</u> | <u>19,747,587</u> | <u>22,812,308</u> |
| Expenses | | | |
| General government services | 1,560,740 | 1,397,348 | 1,623,026 |
| Protective services | 4,824,895 | 5,047,809 | 4,864,517 |
| Transportation services | 3,617,601 | 3,550,973 | 3,667,787 |
| Environmental health services | 3,035,132 | 3,028,056 | 3,019,205 |
| Environmental development services | 1,649,140 | 1,512,331 | 3,534,310 |
| Recreational and cultural services | 2,190,610 | 2,315,870 | 2,223,829 |
| Water and sanitation | <u>2,276,988</u> | <u>2,279,709</u> | <u>2,139,564</u> |
| | <u>19,155,106</u> | <u>19,132,096</u> | <u>21,072,238</u> |
| Annual surplus before the undernoted | 406,488 | 615,491 | 1,740,070 |
| Gain on disposal of tangible capital assets | 5,000 | 110,682 | 47,652 |
| Other pension recovery | <u>-</u> | <u>166,328</u> | <u>256,819</u> |
| Annual surplus | <u>\$ 411,488</u> | <u>\$ 892,501</u> | <u>\$ 2,044,541</u> |
| <hr/> | | | |
| Accumulated surplus, beginning of year | | \$ 72,719,291 | \$ 70,674,750 |
| Annual surplus | | <u>892,501</u> | <u>2,044,541</u> |
| Accumulated surplus, end of year | | <u>\$ 73,611,792</u> | <u>\$ 72,719,291</u> |

See accompanying notes to the consolidated financial statements.

Town of Yarmouth

Consolidated Statement of Financial Position

March 31

2019

2018

Financial Assets

| | | |
|---|-------------------|-------------------|
| Cash and cash equivalents | \$ 7,911,630 | \$ 7,215,776 |
| Taxes receivable (Notes 3) | 636,025 | 561,747 |
| Sewer and water rates receivable (Note 4) | 1,106,019 | 1,115,691 |
| Due from Provincial Government and agencies | 120,704 | 170,177 |
| Other receivables (Note 5) | 536,384 | 1,546,903 |
| Pension benefit asset (Note 6) | 862,219 | 695,891 |
| Portfolio investment | 154,750 | 67,395 |
| Assets held for resale | 105,477 | 105,477 |
| | <u>11,433,208</u> | <u>11,479,057</u> |

Financial Liabilities

| | | |
|---|------------------|------------------|
| Due to Federal Government and agencies | 510,055 | 581,438 |
| Due to Provincial Government and agencies | 194,319 | 221,000 |
| Payables and accruals (Note 7) | 824,021 | 1,798,202 |
| Other post employment benefits (Note 8) | 742,103 | 810,669 |
| Loans payable | - | 13,884 |
| Deferred revenue (Note 9) | 1,798,520 | 1,579,967 |
| Long-term debt (Note 10) | 1,366,667 | 1,766,667 |
| | <u>5,435,685</u> | <u>6,771,827</u> |

Net Financial Assets

5,997,523 4,707,230

Non-Financial Assets



| | | |
|-----------------------------------|-------------------|-------------------|
| Tangible capital assets (Note 11) | 67,174,010 | 67,894,668 |
| Prepaid expenses | 419,486 | 93,742 |
| Inventories | 20,773 | 23,651 |
| | <u>67,614,269</u> | <u>68,012,061</u> |

Accumulated Surplus

\$ 73,611,792 \$ 72,719,291

Commitments and contractual obligations (Note 12)
Contingencies (Note 13)

On behalf of the Town of Yarmouth

 Mayor  CAO

See accompanying notes to the consolidated financial statements.

Town of Yarmouth
Consolidated Statement of Changes in Net Financial
Assets

| March 31 | 2019 | | 2018 |
|--|--------------------------|----------------------------|----------------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Annual surplus | \$ 411,488 | \$ 892,501 | \$ 2,044,541 |
| Acquisition of tangible capital assets | (2,857,896) | (2,440,940) | (5,475,795) |
| Amortization of tangible capital assets | 3,194,605 | 3,136,811 | 3,035,527 |
| Proceeds on disposal of tangible capital assets | - | 135,469 | 47,652 |
| Gain on disposal of tangible capital assets | <u>(5,000)</u> | <u>(110,682)</u> | <u>(47,652)</u> |
| | 743,197 | 1,613,159 | (395,727) |
| Change in inventories/prepaid expenses | <u>-</u> | <u>(322,866)</u> | <u>(42,459)</u> |
| Increase (decrease) in Net Financial Assets | <u>\$ 743,197</u> | 1,290,293 | (438,186) |
| Net Financial Assets, beginning of year | | <u>4,707,230</u> | <u>5,145,416</u> |
| Net Financial Assets, end of year | | <u>\$ 5,997,523</u> | <u>\$ 4,707,230</u> |

See accompanying notes to the consolidated financial statements.

Town of Yarmouth

Consolidated Statement of Cash Flow

Year Ended March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating activities

| | | |
|---|------------|--------------|
| Annual surplus | \$ 892,501 | \$ 2,044,541 |
| Amortization | 3,136,811 | 3,035,527 |
| Gain on disposal of tangible capital assets | (110,682) | (47,652) |

Changes in non-cash items

| | | |
|---|------------------|------------------|
| Taxes receivable | (74,278) | 11,099 |
| Sewer and water receivable | 9,672 | (107,013) |
| Due from Provincial Government and agencies | 49,473 | (43,791) |
| Other receivables | 1,010,519 | (984,983) |
| Pension benefit asset | (166,328) | (256,819) |
| Prepaid expenses and inventories | (322,866) | (42,459) |
| Due to Federal Government and agencies | (71,383) | 55,726 |
| Due to Provincial Government and agencies | (26,681) | - |
| Payables and accruals | (974,181) | 294,707 |
| Loans payable | (13,884) | (31,926) |
| Other post employment benefits | (68,566) | 55,379 |
| Deferred revenue | 218,553 | 347,346 |
| | <u>3,488,680</u> | <u>4,329,682</u> |

Capital activities

| | | |
|---|--------------------|--------------------|
| Proceeds on disposal of tangible capital assets | 135,469 | 47,652 |
| Acquisition of tangible capital assets | (2,440,940) | (5,475,795) |
| | <u>(2,305,471)</u> | <u>(5,428,143)</u> |

Financing activities

| | | |
|-----------------------------|-----------|-----------|
| Repayment of long-term debt | (400,000) | (400,000) |
|-----------------------------|-----------|-----------|

Investing activities

| | | |
|----------------------------------|----------|---------|
| Increase in portfolio investment | (87,355) | (1,055) |
|----------------------------------|----------|---------|

Increase (decrease) in cash and cash equivalents 695,854 (1,499,516)

Cash and cash equivalents

| | | |
|-------------------|---------------------|---------------------|
| Beginning of year | <u>7,215,776</u> | <u>8,715,292</u> |
| End of year | <u>\$ 7,911,630</u> | <u>\$ 7,215,776</u> |

See accompanying notes to the consolidated financial statements.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2019

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 June 14, 2018 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 15 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.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2019

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 \$37,964 (2018 - \$37,217).

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, 2019 (2018 - 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.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2019

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.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2019

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.

Restructuring transactions

Effective for the fiscal year beginning April 1, 2018, the Town was required to adopt *Public Sector Accounting Section 3430, Restructuring Transactions*, which establishes the disclosure requirements for restructuring transactions. Management has determined that there are no transactions to disclose at this time.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2019

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 2019, the Town of Yarmouth paid \$44,478 (2018 - \$44,478) to the Regional Library.
- Tri-County Housing Authority - 12.5% Interest
During 2019, the Town of Yarmouth paid \$166,705 (2018 - \$225,313) 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 2019, the Town of Yarmouth paid \$18,216 (2018 - \$17,547) 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 2019, the Town of Yarmouth paid \$39,167 (2018 - \$38,515) as its share of the cost of operations of the Western Regional Enterprise Network.

3. Taxes receivable

| | <u>Current year</u> | <u>Prior year</u> | <u>2019</u> <u>Total</u> | <u>2018</u> <u>Total</u> |
|-------------------------------|---------------------|-------------------|-----------------------------|-----------------------------|
| Balance, beginning of year | \$ - | \$ 561,747 | \$ 561,747 | \$ 572,846 |
| Current year's levy | 10,819,147 | - | 10,819,147 | 10,635,774 |
| Interest on outstanding taxes | <u>96,421</u> | <u>-</u> | <u>96,421</u> | <u>98,610</u> |
| | <u>10,915,568</u> | <u>561,747</u> | <u>11,477,315</u> | <u>11,307,230</u> |
| Deduct | | | | |
| Current year's collections | 10,146,078 | 370,810 | 10,516,888 | 10,428,572 |
| Reduced taxes | <u>324,402</u> | <u>-</u> | <u>324,402</u> | <u>316,911</u> |
| | <u>10,470,480</u> | <u>370,810</u> | <u>10,841,290</u> | <u>10,745,483</u> |
| Balance, before allowance | 445,088 | 190,937 | 636,025 | 561,747 |
| Less valuation allowance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance, end of year | <u>\$ 445,088</u> | <u>\$ 190,937</u> | <u>\$ 636,025</u> | <u>\$ 561,747</u> |

Town of Yarmouth
Notes to the Consolidated Financial Statements
March 31, 2019

| 4. Sewer and water rates receivable | <u>2019</u> | <u>2018</u> |
|---|----------------------------|---------------------------|
| Sewer and water rates receivable, gross | <u>\$ 1,123,888</u> | <u>\$1,127,681</u> |
| Valuation allowance | | |
| Balance, beginning of year | 11,990 | 13,308 |
| Allowances during the year, net of write-offs | <u>5,879</u> | <u>(1,318)</u> |
| Balance, end of year | <u>17,869</u> | <u>11,990</u> |
| Sewer and water rates receivable, net | <u>\$ 1,106,019</u> | <u>\$1,115,691</u> |

| 5. Other receivables | <u>2019</u> | <u>2018</u> |
|--|--------------------------|---------------------------|
| Trade receivables | \$ 174,026 | 1,162,635 |
| Amounts due to controlled entities | <u>129,663</u> | <u>164,731</u> |
| | 303,689 | 1,327,366 |
| Harmonized sales taxes | 192,945 | 203,779 |
| Non-controlling interest due from subsidiaries | <u>39,750</u> | <u>15,758</u> |
| | <u>\$ 536,384</u> | <u>\$1,546,903</u> |

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 60 active employees covered by the plan is 50.0. At present, the plan provides benefits for 26 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 \$384,965 (2018 - \$360,787). 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, 2018 and extrapolated to March 31, 2019. At that time the pension plan had an accrued benefit asset of \$695,891.

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.

Town of Yarmouth
Notes to the Consolidated Financial Statements
 March 31, 2019

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 5%;
- the expected rate of return is 5%;
- retirement age is 65; and
- estimated average remaining service life is 15 years.

Combined employer and employee contributions during the year were \$587,739 (2018 - \$762,667).

The Town's actuary performed an extrapolation of the March 31, 2018 valuation to determine the position of the plan as at March 31, 2019. 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 | \$12,411,557 |
| Accrued benefit obligation | (11,670,995) |
| Unamortized loss | <u>121,657</u> |
| Pension plan surplus | <u>\$ 862,219</u> |

7. Payables and accruals

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|---------------------|
| Trade payables and accruals | \$ 664,758 | \$ 1,284,897 |
| Amounts due to suppliers from the controlled entities | <u>159,263</u> | <u>513,305</u> |
| | <u>\$ 824,021</u> | <u>\$ 1,798,202</u> |

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, 2019, the maximum amount that would have to be paid to all employees amounted to \$802,344 (2018 - \$873,780). 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, 2019 was \$401,172 (2018 - \$436,890). This figure is based upon historical information and the likeliness of the sick leave to be used and awarded to the employee.

Service award retirement package – After 10 years of service at the Town, an employee becomes eligible receive a service award package at retirement. The amount of the package is one month's salary earned in the final year of service for every ten years employed at the Town. The total amount of this liability as at March 31, 2019 of \$340,931 (2018 - \$373,779) 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, 2019

| 9. Deferred revenue | <u>2019</u> | <u>2018</u> |
|----------------------------|---------------------------|---------------------------|
| Operating revenue | \$ 51,312 | \$ 59,864 |
| Capital and other revenue | 146,943 | 86,520 |
| Gas tax revenue | <u>1,600,265</u> | <u>1,433,583</u> |
| | <u>\$1,798,520</u> | <u>\$1,579,967</u> |

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

| | <u>2019</u> | <u>2018</u> |
|---|---------------------------|---------------------------|
| Balance, beginning of year | <u>\$1,579,967</u> | <u>\$1,232,621</u> |
| Contributions from: | | |
| Canada-Nova Scotia Infrastructure Secretariat | 597,135 | 581,701 |
| Local municipal governments and other | 122,135 | 59,864 |
| Prepaid rent | - | 10,000 |
| Interest earned | <u>31,278</u> | <u>21,728</u> |
| | <u>750,548</u> | <u>673,293</u> |
| Utilized for: | | |
| Tangible capital asset acquisitions | 461,731 | 253,297 |
| Operations | <u>70,264</u> | <u>72,650</u> |
| | <u>531,995</u> | <u>325,947</u> |
| Balance, end of year | <u>\$1,798,520</u> | <u>\$1,579,967</u> |

As of April 1, 2018, the Town had \$1,433,583 in deferred gas tax revenue. During the fiscal year, the Town received \$597,135 in gas tax funding, earned \$31,278 in interest due to unspent funds held in a bank account and recognized \$461,731 as revenue due to spending some of the funding on eligible projects. As of March 31, 2019, the Town has \$1,600,265 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, 2019

10. Long-term debt

| | March 31, 2018 | Repaid | March 31, 2019 | Interest | Interest rate |
|---|---------------------|-------------------|---------------------|------------------|------------------|
| General | | | | | |
| Nova Scotia Municipal Finance Corporation | | | | | |
| Public Works Building, repaid during the year | \$ 100,000 | \$ 100,000 | \$ - | \$ 500 | 5.375% |
| Southeast Street, due 2023 | 999,997 | 166,667 | 833,330 | 43,882 | 4.884% - 5.088% |
| Brooklyn Street, due 2022 | 666,670 | 133,333 | 533,337 | 28,414 | 4.67% - 4.77% |
| Total | \$ 1,766,667 | \$ 400,000 | \$ 1,366,667 | \$ 72,796 | |

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

| | |
|------|-----------|
| 2020 | \$300,000 |
| 2021 | \$300,000 |
| 2022 | \$300,000 |
| 2023 | \$300,000 |
| 2024 | \$166,667 |

Town of Yarmouth Notes to the Consolidated Financial Statements

March 31, 2019

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> |
|---------------------------------------|---------------------|--------------------------|----------------------------|------------------------|--------------------------------|-------------------|-------------------|--------------------------|
| Cost | | | | | | | | |
| Balance, beginning of year | \$ 4,858,096 | \$ 4,234,305 | \$ 18,543,339 | \$ 15,144,862 | \$ 6,508,510 | \$ 2,425,655 | \$ 791,304 | \$12,655,743 |
| Add | | | | | | | | |
| Additions during the year | 394,187 | 10,414 | 43,593 | 31,223 | 1,103,567 | 13,305 | 293,461 | 296,259 |
| Reclassification | - | - | - | - | - | - | - | - |
| Less | | | | | | | | |
| Disposals during the year | (24,787) | - | - | - | (187,235) | - | - | - |
| Reclassification | - | - | - | - | - | - | - | - |
| Balance, end of year | <u>5,227,496</u> | <u>4,244,719</u> | <u>18,586,932</u> | <u>15,176,085</u> | <u>7,424,842</u> | <u>2,438,960</u> | <u>1,084,765</u> | <u>12,952,002</u> |
| Accumulated amortization | | | | | | | | |
| Balance, beginning of year | - | 1,620,516 | 6,288,950 | 3,812,721 | 4,177,007 | 1,741,357 | 617,832 | 4,495,920 |
| Add | | | | | | | | |
| Amortization during the year | - | 165,427 | 529,424 | 262,568 | 494,949 | 91,529 | 84,868 | 482,692 |
| Reclassification | - | - | - | - | - | - | - | - |
| Less | | | | | | | | |
| Accumulated amortization on disposals | - | - | - | - | (187,235) | - | - | - |
| Reclassification | - | - | - | - | - | - | - | - |
| Balance, end of year | <u>5,227,496</u> | <u>1,785,943</u> | <u>6,818,374</u> | <u>4,075,289</u> | <u>4,484,721</u> | <u>1,832,886</u> | <u>702,700</u> | <u>4,978,612</u> |
| NET BOOK VALUE | <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> |
| NET BOOK VALUE, MARCH 31, 2018 | <u>\$ 4,858,096</u> | <u>\$ 2,613,789</u> | <u>\$ 12,254,389</u> | <u>\$ 11,332,141</u> | <u>\$ 2,331,503</u> | <u>\$ 684,298</u> | <u>\$ 173,472</u> | <u>\$ 8,159,823</u> |

Town of Yarmouth Notes to the Consolidated Financial Statements

March 31, 2019

11. Tangible capital assets (continued)

| | Street lights | Sidewalks | Sewer lines | Dam | Wharf | Work in progress | 2019 Total | 2018 Total |
|---------------------------------------|-------------------|---------------------|----------------------|-------------------|---------------------|-------------------|----------------------|----------------------|
| Cost | | | | | | | | |
| Balance, beginning of year | \$ 1,100,421 | \$ 5,217,474 | \$ 29,437,031 | \$ 1,017,089 | \$ 6,067,757 | \$ 292,738 | \$ 108,294,324 | \$ 103,585,577 |
| Add | | | | | | | | |
| Additions during the year | 26,836 | 79,772 | 9,285 | - | - | 139,038 | 2,440,940 | 5,475,795 |
| Reclassification | - | - | - | - | - | - | - | 670,084 |
| Less | | | | | | | | |
| Disposals during the year | - | - | - | - | - | - | (212,022) | (767,048) |
| Reclassification | - | - | - | - | - | - | - | (670,084) |
| 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>431,776</u> | <u>110,523,242</u> | <u>108,294,324</u> |
| Accumulated amortization | | | | | | | | |
| Balance, beginning of year | 310,116 | 2,555,007 | 10,435,251 | 264,169 | 4,080,810 | - | 40,399,656 | 38,131,177 |
| Add | | | | | | | | |
| Amortization during the year | 44,091 | 207,881 | 545,776 | 40,682 | 186,924 | - | 3,136,811 | 3,035,527 |
| Reclassification | - | - | - | - | - | - | - | - |
| Less | | | | | | | | |
| Accumulated amortization on disposals | - | - | - | - | - | - | (187,235) | (767,048) |
| Reclassification | - | - | - | - | - | - | - | - |
| Balance, end of year | <u>354,207</u> | <u>2,762,888</u> | <u>10,981,027</u> | <u>304,851</u> | <u>4,267,734</u> | <u>-</u> | <u>43,349,232</u> | <u>40,399,656</u> |
| NET BOOK VALUE | <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> | <u>\$ 67,894,668</u> |
| NET BOOK VALUE, MARCH 31, 2018 | <u>\$ 790,305</u> | <u>\$ 2,662,467</u> | <u>\$ 19,001,780</u> | <u>\$ 752,900</u> | <u>\$ 1,986,947</u> | <u>\$ 292,738</u> | <u>\$ 67,894,668</u> | <u>\$ 67,894,668</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.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2019

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 April 1, 2015 and the estimated annual payments for the remaining one year of the contract is as follows (excluding HST):

| | |
|------|-----------|
| 2020 | \$323,637 |
|------|-----------|

Management intends to go to tender for renewal of this service.

Capital projects and expenditures

The Town has committed to the following capital expenditures:

| | |
|-----------------------|-----------|
| Solar power projects | \$250,000 |
| Fire utility truck | \$ 90,000 |
| Fire hall | \$175,000 |
| Public works building | \$150,000 |

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

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, beginning in the upcoming fiscal year.

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 2019 the Town has funded \$36,733 (2018 - \$37,214) for the AM Clarke Health Center and \$18,072 (2018 - \$1,306) 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.

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, 2019, the total amount in this Capital Reserve was \$50,313 (2018 - \$39,289). 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, 2019, the landfill closure is complete and minimal future costs are expected.

Town of Yarmouth
Notes to the Consolidated Financial Statements
 March 31, 2019

15. Budget figures

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

| | <u>Approved Fiscal Plan</u> | <u>Adjustments</u> | <u>Fiscal Plan Per Financial Statements</u> |
|--|---------------------------------|--------------------|---|
| Revenues | | | |
| Taxes | \$ 12,676,155 | \$(1,987,465) | \$ 10,688,690 |
| Grants in lieu of taxes | 1,059,500 | - | 1,059,500 |
| Services provided to other governments | 780,000 | - | 780,000 |
| Sales of service | 210,737 | - | 210,737 |
| Other revenue from own sources | 2,944,948 | (861,503) | 2,083,445 |
| Unconditional transfers from other governments | 1,097,639 | (114,245) | 983,394 |
| Conditional transfers from other governments | 51,023 | 660,001 | 711,024 |
| Other transfers | 134,664 | (134,664) | - |
| Domestic, commercial and industrial water | 2,175,358 | (233,600) | 1,941,758 |
| Public fire protection | 517,562 | - | 517,562 |
| Interest | 47,382 | 750 | 48,132 |
| Other | 16,000 | - | 16,000 |
| Rental and events | 433,852 | - | 433,852 |
| Food and beverage sales | 87,500 | - | 87,500 |
| | <u>22,232,320</u> | <u>(2,670,726)</u> | <u>19,561,594</u> |
| Expenses | | | |
| General government services | 1,714,842 | (154,102) | 1,560,740 |
| Protective services | 5,024,132 | (199,237) | 4,824,895 |
| Transportation services | 2,317,652 | 1,299,949 | 3,617,601 |
| Environmental health services | 2,862,848 | 172,284 | 3,035,132 |
| Environmental development services | 2,222,199 | (573,059) | 1,649,140 |
| Recreational and cultural services | 1,475,142 | 715,468 | 2,190,610 |
| Fiscal services | 3,961,808 | (3,961,808) | - |
| Water and sanitation | 2,708,920 | (431,932) | 2,276,988 |
| | <u>22,287,543</u> | <u>(3,132,437)</u> | <u>19,155,106</u> |
| Annual (deficit) surplus before the undernoted | (55,223) | 461,711 | 406,488 |
| Gain on disposal of tangible capital assets | - | 5,000 | 5,000 |
| Other pension recovery | - | - | - |
| Annual (deficit) surplus | <u>\$ (55,223)</u> | <u>\$ 466,711</u> | <u>\$ 411,488</u> |

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2019

16. 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, 2019

16. Segment disclosure (continued)

| | General government | Protective | Transportation | Environmental health | Environmental development | Recreation and cultural | Water and sanitation | 2019 Consolidated | 2018 Consolidated |
|---|-----------------------|---------------------|---------------------|-------------------------|------------------------------|-------------------------------|----------------------------|----------------------|----------------------|
| Revenues | | | | | | | | | |
| Taxes | \$ 879,632 | \$ 3,177,599 | \$ 2,235,340 | \$ 1,906,163 | \$ 952,013 | \$ 1,457,842 | \$ - | \$ 10,608,589 | \$ 10,591,336 |
| Grants in lieu of taxes | 87,272 | 315,264 | 221,778 | 189,119 | 94,454 | 144,639 | - | 1,052,526 | 1,050,039 |
| Services provided to other governments | - | 567,617 | - | 124,854 | - | - | - | 692,471 | 765,804 |
| Sales of service | 35,377 | 10,644 | 42,434 | - | 75,091 | 58,692 | - | 222,238 | 202,951 |
| Other revenue from own sources | 539,889 | 13,500 | 337,215 | 935,273 | 224,571 | 94,402 | - | 2,144,850 | 2,496,395 |
| Unconditional transfers from other governments | 727,970 | - | 169,783 | - | 119,987 | - | - | 1,017,740 | 1,444,404 |
| Conditional transfers from other governments | 2,359 | - | 308,829 | 160,600 | 139,268 | 45,866 | - | 656,922 | 3,004,651 |
| Domestic, commercial and industrial water | - | - | - | - | - | - | 2,048,102 | 2,040,102 | 2,040,863 |
| Public fire protection | - | - | - | - | - | - | 531,407 | 531,407 | 512,511 |
| Interest | 171,171 | - | 1,380 | 8,953 | 4,524 | 683 | 8,825 | 195,536 | 127,682 |
| Other | - | - | - | - | - | - | 21,472 | 20,084 | 20,084 |
| Rental and events | - | - | - | - | 165,962 | 281,051 | - | 447,013 | 457,200 |
| Food and beverage sales | - | - | - | - | - | 108,721 | - | 108,721 | 98,388 |
| | <u>2,443,670</u> | <u>4,084,624</u> | <u>3,316,759</u> | <u>3,324,962</u> | <u>1,775,870</u> | <u>2,191,896</u> | <u>2,609,806</u> | <u>19,747,587</u> | <u>22,812,308</u> |
| Expenses | | | | | | | | | |
| Salaries and benefits | 772,888 | 1,622,401 | 1,040,279 | 692,108 | 495,653 | 516,540 | 783,936 | 5,923,805 | 5,391,514 |
| Goods and services | 400,202 | 3,230,165 | 1,219,060 | 1,619,666 | 773,096 | 810,926 | 1,102,389 | 9,155,504 | 11,597,826 |
| Amortization | 64,195 | 195,243 | 1,068,121 | 669,462 | 93,185 | 706,785 | 339,820 | 3,136,811 | 3,035,527 |
| Interest | - | - | 72,296 | 500 | - | - | - | 72,796 | 95,733 |
| Other | <u>160,063</u> | <u>-</u> | <u>151,217</u> | <u>46,320</u> | <u>150,397</u> | <u>281,619</u> | <u>53,564</u> | <u>843,180</u> | <u>951,638</u> |
| | <u>1,397,348</u> | <u>5,047,809</u> | <u>3,550,973</u> | <u>3,028,056</u> | <u>1,512,331</u> | <u>2,315,870</u> | <u>2,279,709</u> | <u>19,132,096</u> | <u>21,072,238</u> |
| Annual surplus (deficit) before the undermoted | 1,046,322 | (963,185) | (234,214) | 296,906 | 263,539 | (123,974) | 330,097 | 615,491 | 1,740,070 |
| Gain on disposal of tangible capital assets | 20,597 | - | - | 2,223 | 87,862 | - | - | 110,682 | 47,652 |
| Other pension recovery | <u>166,328</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>166,328</u> | <u>256,819</u> |
| Annual surplus (deficit) | <u>\$ 1,233,247</u> | <u>\$ (963,185)</u> | <u>\$ (234,214)</u> | <u>\$ 299,129</u> | <u>\$ 351,401</u> | <u>\$ (123,974)</u> | <u>\$ 330,097</u> | <u>\$ 892,501</u> | <u>\$ 2,044,541</u> |

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2019

17. 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>2019</u> | <u>2018</u> |
|-----------------------------|---|---|---|---|--|---|---------------------|---------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | Total | Total |
| Revenues | | | | | | | | |
| Rental and events | - | 281,051 | - | - | 165,962 | - | 447,013 | 457,200 |
| Food and beverage sales | - | 108,721 | - | - | - | - | 108,721 | 98,388 |
| Sales of service | - | 58,692 | 42,434 | - | 75,091 | - | 176,217 | 164,149 |
| Grants from governments | - | 62,366 | 238,226 | - | 95,378 | 82,895 | 478,885 | 1,327,282 |
| Other revenue from | | | | | | | | |
| own sources | 496,931 | 143,218 | 70,780 | 57,534 | 30,189 | 53,530 | 852,182 | 1,272,778 |
| Interest | 8,952 | 683 | 1,381 | 503 | 4,021 | - | 15,540 | 8,351 |
| Other | 2,223 | - | - | - | - | - | 2,223 | 17,503 |
| Expenses | | | | | | | | |
| | 508,106 | 654,731 | 352,821 | 58,037 | 370,641 | 136,425 | 2,080,761 | 3,345,651 |
| | 461,852 | 830,334 | 338,589 | 24,406 | 354,692 | 127,178 | 2,137,051 | 3,377,180 |
| Annual surplus (deficit) | <u>\$ 46,254</u> | <u>\$ (175,603)</u> | <u>\$ 14,232</u> | <u>\$ 33,631</u> | <u>\$ 15,949</u> | <u>\$ 9,247</u> | <u>\$ (56,290)</u> | <u>\$ (31,529)</u> |
| Financial assets | \$ 495,714 | \$ 64,024 | \$ 79,402 | \$ 476,047 | \$ 336,624 | \$ 27,667 | \$ 1,479,448 | \$ 1,554,614 |
| Financial liabilities | <u>43,853</u> | <u>115,079</u> | <u>35,918</u> | <u>4,148</u> | <u>81,464</u> | <u>9,102</u> | <u>289,564</u> | <u>631,767</u> |
| Net financial assets (debt) | 451,861 | (51,055) | 43,484 | 471,899 | 255,160 | 18,565 | 1,189,914 | 922,847 |
| Non-financial assets | <u>603,152</u> | <u>3,468,733</u> | <u>102,896</u> | <u>180,647</u> | <u>2,179,221</u> | <u>6,796</u> | <u>6,541,445</u> | <u>6,864,802</u> |
| Accumulated surplus | <u>\$ 1,055,013</u> | <u>\$ 3,417,678</u> | <u>\$ 146,380</u> | <u>\$ 652,546</u> | <u>\$ 2,434,381</u> | <u>\$ 25,361</u> | <u>\$ 7,731,359</u> | <u>\$ 7,787,649</u> |

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

These amounts are included in the consolidated statement of operations.

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

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 and in the interim, funding contributions are being made based upon the approved 2019/2020 operating budget of the Airport.

Town of Yarmouth

Notes to the Consolidated Financial Statements

March 31, 2019

18. Remuneration and expense reimbursements

The total remuneration and expense reimbursements paid to councillors and the Chief Administrative Officer for the year ended March 31, 2019, was as follows:

| | <u>Remuneration</u> | <u>Expenses</u> |
|--|---------------------|-----------------|
| Pam Mood – Mayor | \$ 45,039 | \$ 11,133 |
| Phil Mooney – Deputy Mayor | 27,538 | 4,309 |
| Jim MacLeod – Councillor | 22,949 | - |
| Sandy Dennis – Councillor | 20,444 | - |
| Don Berry – Councillor | 22,949 | 2,692 |
| Wade Cleveland – Councillor | 22,949 | 4,088 |
| Clifford Hood – Councillor | 22,949 | 748 |
| Jeff Gushue – Chief Administrative Officer | 121,846 | 5,695 |

19. Reserves

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

| | <u>2019</u> | <u>2018</u> |
|-----------|---------------------|---------------------|
| Operating | <u>\$ 3,231,334</u> | <u>\$ 3,026,747</u> |
| Capital | <u>\$ 2,251,951</u> | <u>\$ 2,566,011</u> |

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

20. Trust funds

The Trust Funds being administered by the Town of Yarmouth are not consolidated with the accounts of the Town. At March 31, 2019, the equity in Trust Funds under its trusteeship amounted to \$253,296 (2018 - \$246,737).

21. Comparative figures

Prior year figures on the Consolidated Statement of Operations have been reclassified to conform to the current year presentation in these consolidated financial statements. For better transparency of total interest revenue earned, \$40,795 of interest revenue has been reclassified from other revenue from own sources to interest in the prior year comparative figures. Opening Accumulated Surplus has not been affected by the reclassification.

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

(Unaudited)

Year Ended March 31

2019

2018

| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|---|------------------|-------------------|-------------------|
| Operating revenues | | | |
| Domestic, commercial and industrial water | \$ 2,175,358 | \$ 2,298,860 | \$ 2,226,714 |
| Public fire protection | 517,562 | 531,407 | 512,511 |
| Other | <u>16,000</u> | <u>21,472</u> | <u>20,084</u> |
| | <u>2,708,920</u> | <u>2,851,739</u> | <u>2,759,309</u> |
| Operating expenditures | | | |
| Source of supply (Page 29) | 99,651 | 79,119 | 159,057 |
| Power and pumping (Page 29) | 286,809 | 268,025 | 244,607 |
| Water treatment (Page 29) | 600,386 | 772,159 | 675,058 |
| Transmission and distribution (Page 29) | 474,967 | 391,471 | 303,250 |
| Administrative and general (Page 30) | 474,214 | 461,137 | 465,536 |
| Amortization | 368,381 | 339,820 | 323,070 |
| Taxes | <u>84,320</u> | <u>75,644</u> | <u>75,330</u> |
| | <u>2,388,728</u> | <u>2,387,375</u> | <u>2,245,908</u> |
| Operating profit | <u>320,192</u> | <u>464,364</u> | <u>513,401</u> |
| Non-operating expenditures (revenues) | | | |
| Debt charges | | | |
| Principal | 95,384 | 80,000 | 120,000 |
| Interest | 40,558 | 1,539 | 6,069 |
| Dividend to Operating Fund | 100,000 | 100,000 | 100,000 |
| Capital expenditures, transfer to | | | |
| Water Utility, Capital Fund | 85,000 | 250,000 | 245,000 |
| Other interest | <u>(750)</u> | <u>(2,137)</u> | <u>(3,011)</u> |
| | <u>320,192</u> | <u>429,402</u> | <u>468,058</u> |
| Annual surplus | \$ <u>-</u> | 34,962 | 45,343 |
| Accumulated surplus, beginning of year | | <u>875,319</u> | <u>829,976</u> |
| Accumulated surplus, end of year | | <u>\$ 910,281</u> | <u>\$ 875,319</u> |

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

(Unaudited)

March 31

2019

2018

Assets

| | | |
|--|---------------------|---------------------|
| Cash and cash equivalents | <u>\$ 612,391</u> | <u>\$ -</u> |
| Receivables | | |
| Rates (less allowance for doubtful accounts \$12,990; 2018 - \$8,968) | 669,400 | 668,977 |
| Due from other local governments | 3,284 | 3,284 |
| Due from Water Utility, Capital Fund | - | 711,314 |
| Other receivables | | |
| Trade | - | 3,411 |
| HST | <u>27,544</u> | <u>23,756</u> |
| | <u>700,228</u> | <u>1,410,742</u> |
| Prepays | <u>7,384</u> | <u>-</u> |
| Inventories, at cost | <u>15,000</u> | <u>15,000</u> |
| | <u>\$ 1,335,003</u> | <u>\$ 1,425,742</u> |

Liabilities

| | | |
|--|----------------|------------------|
| Bank indebtedness | <u>\$ -</u> | <u>\$ 34,867</u> |
| Payables and accruals | | |
| Payable to Town, Operating Fund | 73,365 | 462,445 |
| Payable to Water Utility, Capital Fund | 262,630 | - |
| Prepayment of taxes | 20,783 | - |
| Other | <u>67,944</u> | <u>53,111</u> |
| | <u>424,722</u> | <u>515,556</u> |

Accumulated surplus

| | | |
|---------------------|---------------------|---------------------|
| Accumulated surplus | <u>910,281</u> | <u>875,319</u> |
| | <u>\$ 1,335,003</u> | <u>\$ 1,425,742</u> |

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

(Unaudited)

March 31

2019

2018

Assets

| | | |
|---|---------------------|---------------------|
| Cash and cash equivalents in the amortization fund | \$ 324,854 | \$ 718,166 |
| Receivable from Town, Operating Fund | 6 | 6 |
| Receivable from Water Utility, Operating Fund | 262,630 | - |
| Tangible capital assets | | |
| Utility plant and equipment (Page 28) | <u>15,258,075</u> | <u>15,582,019</u> |
| | <u>\$15,845,565</u> | <u>\$16,300,192</u> |

Liabilities

| | | |
|--|----------|----------------|
| Payable to Town, Capital Reserve | \$ - | \$ 80,000 |
| Payable to Water Utility, Operating Fund | <u>-</u> | <u>711,314</u> |
| | <u>-</u> | <u>791,314</u> |

Equity

| | | |
|--|---------------------|---------------------|
| Investment in capital assets (Page 28) | <u>15,845,565</u> | <u>15,508,877</u> |
| | <u>\$15,845,565</u> | <u>\$16,300,191</u> |

Town of Yarmouth
Water Utility
Non-Consolidated Tangible Capital Assets

(Unaudited)

| March 31 | 2019 | 2018 |
|------------------------------|---------------------|---------------------|
| 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 | 202,356 | 186,480 |
| Purification equipment | 159,642 | 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 | 179,650 | 179,650 |
| Tools and work equipment | <u>25,754</u> | <u>25,754</u> |
| | 21,171,403 | 21,155,527 |
| Accumulated amortization | <u>(5,913,328)</u> | <u>(5,573,508)</u> |
| Net book value | <u>\$15,258,075</u> | <u>\$15,582,019</u> |

Non-Consolidated Statement of Investment in Capital Assets

(Unaudited)

| March 31 | 2019 | 2018 |
|---|---------------------|---------------------|
| Balance, beginning of year | \$15,508,877 | \$15,134,461 |
| Add | | |
| Term debt retired | 80,000 | 120,000 |
| Transfer from Water Utility, Operating Fund | 250,000 | 245,000 |
| Interest earned on amortization fund | <u>6,688</u> | <u>9,416</u> |
| | <u>336,688</u> | <u>374,416</u> |
| Balance, end of year | <u>\$15,845,565</u> | <u>\$15,508,877</u> |

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

(Unaudited)

Year Ended March 31

2019

2018

| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|--------------------------------------|-------------------|-------------------|-------------------|
| Source of supply | | | |
| Supervision and engineering | \$ 54,140 | \$ 37,793 | \$ 37,949 |
| Site consulting and testing | - | 1,666 | 69,523 |
| Other | <u>45,511</u> | <u>39,660</u> | <u>51,585</u> |
| | <u>\$ 99,651</u> | <u>\$ 79,119</u> | <u>\$ 159,057</u> |
| Power and pumping | | | |
| Supervision and engineering | \$ 38,330 | \$ 32,288 | \$ 29,416 |
| Fuel and power | 207,071 | 166,773 | 151,418 |
| Maintenance of structure | 13,113 | - | 1,345 |
| Maintenance of equipment | 10,000 | 21,684 | 39,537 |
| Supplies | 5,464 | 35,440 | 10,121 |
| Other including telephone | <u>12,831</u> | <u>11,840</u> | <u>12,770</u> |
| | <u>\$ 286,809</u> | <u>\$ 268,025</u> | <u>\$ 244,607</u> |
| Water treatment | | | |
| Supervision and engineering | \$ 38,330 | \$ 31,475 | \$ 29,416 |
| Supplies | 534,737 | 684,228 | 611,872 |
| Maintenance of structure | 5,464 | 2,566 | 440 |
| Maintenance of equipment | <u>21,855</u> | <u>53,890</u> | <u>33,330</u> |
| | <u>\$ 600,386</u> | <u>\$ 772,159</u> | <u>\$ 675,058</u> |
| Transmission and distribution | | | |
| Supervision and engineering | \$ 98,938 | \$ 36,745 | \$ 58,699 |
| Operation of mains | 33,765 | 37,485 | 28,278 |
| Operation of meters | 44,468 | 58,483 | 45,163 |
| Maintenance of reservoirs | 6,119 | 1,874 | 3,465 |
| Maintenance of structure | 5,464 | 10,600 | 10,029 |
| Maintenance of mains | 105,995 | 105,524 | 73,678 |
| Maintenance of hydrants | 35,361 | 27,173 | 15,134 |
| Maintenance of meters | 45,000 | 19,466 | 25,658 |
| Maintenance of services | 73,084 | 63,261 | 25,473 |
| Transportation and travel | 1,912 | 686 | 845 |
| Salaries – mowing | 3,005 | - | - |
| Shop expenses | 8,195 | 17,827 | 13,157 |
| Rent | 2,459 | - | 2,346 |
| Clothing | 1,202 | 1,924 | 1,292 |
| Leak survey | <u>10,000</u> | <u>10,423</u> | <u>33</u> |
| | <u>\$ 474,967</u> | <u>\$ 391,471</u> | <u>\$ 303,250</u> |

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

(Unaudited)

Year Ended March 31

2019

2018

| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|----------------------------|-------------------|-------------------|-------------------|
| Administrative and general | | | |
| Salaries | \$ 255,007 | \$ 238,163 | \$ 249,267 |
| Employee benefits | 126,873 | 132,514 | 138,806 |
| Insurance | 11,255 | 10,469 | 10,051 |
| Office | 10,805 | 8,482 | 8,438 |
| Rent | 36,896 | 36,896 | 35,821 |
| Audit | 6,447 | 5,846 | 6,000 |
| Regulatory expenses | 5,682 | 3,021 | 2,879 |
| Other | <u>21,249</u> | <u>25,746</u> | <u>14,274</u> |
| | <u>\$ 474,214</u> | <u>\$ 461,137</u> | <u>\$ 465,536</u> |