



Consolidated Financial Statements

Municipality of the District of Argyle

March 31, 2015

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Grant Thornton

Independent Auditors' Report

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His Worship the Warden and
Members of the Council of the
Municipality of the District of Argyle

We have audited the accompanying consolidated financial statements of the Municipality of the District of Argyle, which comprise the statement of financial position as at March 31, 2015 and the statement of operations, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these 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 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 entity's preparation and fair presentation of the 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 entity'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 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 financial statements present fairly, in all material respects, the consolidated financial position of the Municipality of the District of Argyle as at March 31, 2015, and the results of its operations, changes in net financial assets and cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Yarmouth, Canada
September 29, 2015

Grant Thornton LLP

Chartered Accountants

Municipality of the District of Argyle

Management's Responsibility for Financial Reporting

March 31, 2015

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 Audit Committee, as appointed by 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 Municipality of the District of Argyle and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of Municipality of the District of Argyle:

Warden _____

Chief Administrative Officer _____

Municipality of the District of Argyle

Consolidated Statement of Operations

Year Ended March 31

2015

2014

	<u>Budget</u> (Note 17)	<u>Actual</u>	<u>Actual</u>
Revenues			
Taxes	\$ 4,604,414	\$ 4,639,560	\$ 4,538,439
Grants in lieu of taxes	180,846	180,540	180,600
Special assessments	112,500	118,815	-
Other revenue from own sources	1,488,388	1,720,513	1,705,883
Unconditional transfers from Federal and Provincial governments	161,259	161,259	153,306
Conditional transfers from Federal and Provincial governments	973,843	466,270	352,010
Other transfers	1,200	1,200	1,200
Interest	<u>231,850</u>	<u>247,468</u>	<u>242,057</u>
	<u>7,754,300</u>	<u>7,535,625</u>	<u>7,173,495</u>
Expenditures			
General government services	1,442,651	1,327,365	1,286,437
Protective services	1,540,671	1,537,844	1,469,844
Transportation services	597,181	613,968	795,683
Environmental health services	1,721,162	1,634,661	1,539,707
Public health services	310,436	220,009	216,867
Environmental development services	1,197,004	1,152,224	1,020,870
Recreational and cultural services	<u>572,137</u>	<u>561,578</u>	<u>506,279</u>
	<u>7,381,242</u>	<u>7,047,649</u>	<u>6,835,687</u>
Annual surplus before the undernoted	373,058	487,976	337,808
Write-down of tangible capital assets	-	(19,553)	-
Loss on disposal of tangible capital assets	-	<u>(28)</u>	-
Annual surplus	<u>\$ 373,058</u>	<u>\$ 468,395</u>	<u>\$ 337,808</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 19,157,845	\$ 18,820,037
Annual surplus		<u>468,395</u>	<u>337,808</u>
Accumulated surplus, end of year		<u>\$ 19,626,240</u>	<u>\$ 19,157,845</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Argyle
Consolidated Statement of Change in Net Financial Assets
 March 31 2015 2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 373,058	\$ 468,395	\$ 337,808
Acquisition of tangible capital assets	(1,038,000)	(510,432)	(298,667)
Tangible capital assets acquired on change in ownership of controlled entity	-	(291)	-
Write-down of tangible capital assets	-	19,553	-
Reclassification of land held for resale	-	40,600	-
Loss on disposal of tangible capital assets	-	28	-
Amortization of tangible capital assets	<u>567,894</u>	<u>568,226</u>	<u>563,689</u>
	(97,048)	586,079	602,830
Change in prepaid assets	<u>-</u>	<u>(19,299)</u>	<u>(37,418)</u>
(Decrease) increase in net financial assets	\$ (97,048)	566,780	565,412
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>6,101,581</u>	<u>5,536,169</u>
NET FINANCIAL ASSETS, END OF YEAR		\$ <u>6,668,361</u>	\$ <u>6,101,581</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Argyle

Consolidated Statement of Cash Flow

Year Ended March 31	2015	2014
Operating activities		
Annual surplus	\$ 468,395	\$ 337,808
Amortization	568,226	563,689
Reclassification of land held for resale	40,600	-
Loss on disposal of tangible capital assets	28	-
Write-down of tangible capital assets	19,553	-
Change in non-cash items		
Taxes receivable	25,130	16,712
Special assessment receivable	75,920	70,782
Due from Provincial government and its agencies	21,931	181,448
Due from Federal government and its agencies	(29,810)	43,740
Due from own agencies and other	10,390	21,984
Loans and other receivables	38,395	(134,027)
Land held for resale	15,500	49,000
Inventory held for resale	(2,598)	1,887
Payables and accruals	(99,522)	(64,044)
Due to own agencies and other	(9,402)	-
Prepayment of taxes	23,452	7
Loans payable	(38,785)	(36,739)
Deferred revenue	289,682	217,856
Tax surplus sale	28,921	(39,866)
	1,446,006	1,230,237
Capital transactions		
Acquisition of tangible capital assets	(510,432)	(298,667)
Tangible capital assets acquired on change in ownership of controlled entity	(291)	-
Change in prepaid expenses	(19,299)	(37,418)
	(530,022)	(336,085)
Financing transactions		
Repayment of long-term debt	(127,273)	(127,272)
Investing transactions		
Purchase of portfolio investment	(94,644)	-
Net increase in cash and cash equivalents	694,067	766,880
Cash and cash equivalents		
Beginning of year	7,433,891	6,667,011
End of year	\$ 8,127,958	\$ 7,433,891
Cash and cash equivalents are comprised of:		
Restricted cash	\$ 276,012	\$ 260,917
Unrestricted cash	7,851,946	7,172,974
	\$ 8,127,958	\$ 7,433,891

See accompanying notes to the consolidated financial statements.

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

1. Summary of significant accounting policies

The consolidated financial statements of the Municipality of the District of Argyle 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 Accountants of Canada.

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

Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures in the financial position of the reporting entity. The reporting entity is comprised on all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned, controlled or proportionately controlled by the Municipality.

The Municipality has consolidated the following proportionately controlled entities:

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

Interdepartmental and organizational transactions and balances are eliminated.

Budget

The budget figures contained in these financial statements were approved by Council on May 13, 2014 in its original fiscal plan; they also include budgets prepared and approved by controlled entities and are adjusted for amortization in accordance with Public Sector requirements. Note 17 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these financial statements.

Revenue recognition

- (a) Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and a taxable event occurs, which for property taxes is the period for which the tax is levied.

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

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

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

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 Municipality 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 deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Tax sale

Annually, the Municipality hosts a tax sale for properties whose owners are not up to date on their tax payments. The amounts from the proceeds of sale in excess of tax owing must be held for a period of 20 years. After the 20 year period of holding these funds in trust has expired, the cash will be transferred to the capital reserve. In 2015 and 2014, there were no transfers made from the tax sale amounts to the capital reserve.

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. The cost of the tangible capital asset is amortized on a straight line basis or declining balance basis over the estimated useful life as follows:

<u>Asset type</u>	<u>Rate</u>
Land improvements	25 years
Buildings	2.5%, 5, 25, 40, 50 years
Wastewater infrastructure	40 years
Streets, roads and sidewalks	8%, 25 years
Underground piping	5-7 years
Contaminated soil site	25 years
Wharves	5%
Hangar	4%
Organic compost bins	10 years
Equipment and machinery	20%, 5, 10 years
Vehicles	20%, 30%, 8 years

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

1. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

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.

School assets

All school buildings on hand remain assets of the Municipality 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 Municipality.

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

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 probably 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
Payables and accruals	Accrued liability
Tangible capital assets	Useful lives

Liability for contaminated sites

Effective for the fiscal period beginning on April 1, 2014, the Municipality of the District of Argyle was required to adopt Public Sector Accounting *Section 3260 Liability for Contaminated Sites*, which establishes the recognition, measurement and disclosure requirements for reporting liabilities associated with the remediation of contaminated sites. Management has reviewed all potential sites that are owned for application to this section and has concluded there is no known liability at this time.

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

2. Contributions to Boards and Commissions

Boards in which the Municipality has a vested interest

The Municipality of the District of Argyle has a vested interest in the Nakile Housing Corporation, which is substantially funded by the Province of Nova Scotia. Nakile's financial statements are not consolidated as the Municipality does not control the organization. No amounts were transferred to Nakile during the current or prior year.

Boards in which the Municipality has less than 100% interest

The Municipality of the District of Argyle is required to assist the operations of various Boards and Commissions. Argyle has recorded its contributions to these organizations as expenses in these financial statements.

In addition to any budgeted contributions, the Municipal Units share in the deficits or surpluses of these organizations based on their sharing percentages. The 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.

Regional Housing Authority - 10.00% Interest

During the period, the Municipality of the District of Argyle paid \$27,063 (2014 - \$17,696) to fund its share of the prior year's deficit.

Regional Library - 15.00% Interest

During the period, the Municipality of the District of Argyle paid \$54,013 (2014 - \$54,031) to the Regional Library.

Yarmouth-Argyle-Barrington District Planning Commission – 50.00% Interest

During the period, the Municipality contributed \$71,375 (2014 - \$65,528) as its share of the operations of the District Planning Commission.

Western Regional Solid Waste Management Authority (Waste Check) - 18.58% Interest

During the year, the Municipality contributed \$18,700 (2014 - \$9,350) as its share of the cost of operations of the Western Regional Solid Waste Management Authority.

Western Regional Enterprise Network – 8.33% Interest

During the year, the Municipality contributed \$25,895 (2014 - nil) as its share of the cost of operations of the Western Regional Enterprise Network.

Municipality of the District of Argyle
Notes to the Consolidated Financial Statements
March 31, 2015

3. Taxes receivable			<u>2015</u>	<u>2014</u>
	<u>Current</u>	<u>Prior</u>	<u>Total</u>	<u>Total</u>
Taxes receivable, beginning of year	\$ -	\$ 406,507	\$ 406,507	\$ 423,219
Levy	<u>6,154,137</u>	<u>-</u>	<u>6,154,137</u>	<u>6,096,065</u>
	<u>6,154,137</u>	<u>406,507</u>	<u>6,560,644</u>	<u>6,519,284</u>
Collections	5,804,305	240,296	6,044,601	5,990,149
Write-offs	-	21,943	21,943	14,500
Reduced taxes	<u>103,411</u>	<u>-</u>	<u>103,411</u>	<u>111,665</u>
	<u>5,907,716</u>	<u>262,239</u>	<u>6,169,955</u>	<u>6,116,314</u>
	246,421	144,268	390,689	402,970
Interest on taxes	33,033	31,151	64,184	60,179
Less valuation allowance	<u>-</u>	<u>(73,496)</u>	<u>(73,496)</u>	<u>(56,642)</u>
Taxes receivable, end of year	<u>\$ 279,454</u>	<u>\$ 101,923</u>	<u>\$ 381,377</u>	<u>\$ 406,507</u>

4. Special assessments receivable

Special assessment – Tusket sewer

Upon completion of the Tusket sewer capital project, residents in the Tusket Wastewater District were assessed a capital fee for a portion of the project cost. These residents were given the option to pay immediately or over a 20 year period. As at March 31, 2014, the principal balance owed from the Tusket residents is \$175,090 (2014 - \$186,076). Interest is recorded as revenue in the year that it is received, and not included in the Special assessment – Tusket sewer receivable. This receivable is recorded in the Operating Fund.

Special assessment – West Pubnico sewer

Upon completion of the West Pubnico sewer capital project, residents in the West Pubnico Wastewater District were assessed a capital fee for a portion of the project cost. These residents were given the option to pay immediately or over a 10 year period. As at March 31, 2015, the principal balance owed from the West Pubnico residents is \$589,493 (2014 - \$654,427). Interest is included as revenue in the year that it is received, and not included in the Special assessment receivable. This receivable is recorded in the Capital Reserve Fund.

Total amounts receivable for special assessments for both Tusket and West Pubnico is \$764,583 (2014 - \$840,503).

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

5. Due from Federal government and its agencies	<u>2015</u>	<u>2014</u>
Atlantic Canada Opportunities Agency	\$ 24,329	\$ 28,906
HST receivable	<u>169,922</u>	<u>135,535</u>
	<u>\$ 194,251</u>	<u>\$ 164,441</u>

6. Land held for resale

The Municipality purchased and developed land for resale in the years 1985 through 1989. The costs are removed from the property accounts as land is sold and proceeds are recorded as revenue in the capital reserve.

During 2012, the Municipality re-acquired the Tusket Business Park property from the Yarmouth Area Industrial Commission in exchange for \$1. Of the lots re-acquired, two have been kept by the Municipality. The remaining eighteen lots were held for resale and as of March 31, 2015, nine of the lots have been sold.

During 2015, the Municipality began marketing seven lots of residential park land in Wedgeport as available for sale. The land is valued as approximately \$40,600. One lot of land has been sold as of March 31, 2015.

7. Payables and accruals	<u>2015</u>	<u>2014</u>
Trade	\$ 588,130	\$ 437,250
Amounts due for controlled entities		
- Yarmouth International Airport Corporation	40,560	104,996
- Yarmouth Area Industrial Commission	119,673	325,955
- Yarmouth & Acadian Shores Tourism Association	22,168	9,463
- Yarmouth County Solid Waste Management Authority	30,169	22,558
Sick leave	<u>43,000</u>	<u>43,000</u>
	<u>\$ 843,700</u>	<u>\$ 943,222</u>

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

8. Deferred revenue	<u>2015</u>	<u>2014</u>
Operating revenue	\$ 45,376	\$ 29,766
East Pubnico utility	260,000	260,000
Capital/other revenue	47,019	15,892
Gas tax revenue	<u>816,056</u>	<u>573,111</u>
	<u>\$1,168,451</u>	<u>\$ 878,769</u>

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

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ <u>878,769</u>	\$ <u>660,913</u>
Contributions from:		
Canada-Nova Scotia Infrastructure Secretariat	334,169	357,054
Province of Nova Scotia	46,200	3,564
Local municipal governments	45,376	26,202
Interest earned	<u>15,079</u>	<u>6,199</u>
	<u>440,824</u>	<u>393,019</u>
Utilized for:		
Tangible capital asset acquisitions	116,513	61,801
Operations	<u>34,629</u>	<u>113,362</u>
	<u>151,142</u>	<u>175,163</u>
Balance, end of year	<u>\$1,168,451</u>	<u>\$ 878,769</u>

9. Long-term debt	Balance April 1, 2014	Repaid	Balance March 31, 2015	Interest	Interest rate
Federation of Canadian Municipalities - Green Municipal Fund loan maturing in 2021	<u>\$ 1,013,092</u>	<u>\$ 127,273</u>	<u>\$ 885,819</u>	<u>\$ 7,774</u>	1.75%

Principal repayments required during the next five years on long-term debt are as follows:

2016	\$127,316
2017	\$127,266
2018	\$127,309
2019	\$127,297
2020	\$127,291

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

10. Tangible capital assets

		Land	Land improvements	Land	Buildings	West Pubnico Sewer	Tusket Sewer	Tusket Business Park Sewer	Wedgeport Sewer	Roads and Paving	Underground Piping
Cost											
Balance, beginning of year	\$	428,158	\$ 420,750	\$ 2,548,852	\$ 7,778,766	\$ 2,779,693	\$ 694,157	\$ 65,650	\$ 477,719	\$ 311,855	
Add											
Net additions during the year		36,323		52,888	411,977						
Change in proportionate ownership		-	-	-	-	-	-	-	-	-	
Less											
Reclassification of land held for resale		(40,600)	-	-	-	-	-	-	-	-	
Disposals during the year		-	-	-	-	-	-	-	-	-	
Balance, end of year		<u>423,881</u>	<u>420,750</u>	<u>2,601,740</u>	<u>8,190,743</u>	<u>2,779,693</u>	<u>694,157</u>	<u>65,650</u>	<u>477,719</u>	<u>311,855</u>	
Accumulated amortization											
Balance, beginning of year		-	33,460	983,722	2,341,758	616,916	96,778	19,694	235,672	154,573	
Add											
Amortization during the year		-	16,830	52,465	202,953	69,492	17,354	1,641	19,383	54,906	
Change in proportionate ownership		-	-	-	-	-	-	-	-	-	
Impairment write-down		-	-	19,553	-	-	-	-	-	-	
Less											
Accumulated amortization on disposals		-	-	-	-	-	-	-	-	-	
Balance, end of year		<u>50,290</u>	<u>50,290</u>	<u>1,055,740</u>	<u>2,544,711</u>	<u>686,408</u>	<u>114,132</u>	<u>21,335</u>	<u>255,055</u>	<u>209,479</u>	
NET BOOK VALUE		<u>\$ 423,881</u>	<u>\$ 370,460</u>	<u>\$ 1,546,000</u>	<u>\$ 5,646,032</u>	<u>\$ 2,093,285</u>	<u>\$ 580,025</u>	<u>\$ 44,315</u>	<u>\$ 222,664</u>	<u>\$ 102,376</u>	

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

10. Tangible capital assets (continued)

	Contaminated Soil Site	Wharves	Hangar	Sidewalks	Organic Compost Bins	Equipment & Machinery	Vehicles	2015 Total	2014 Total
Cost									
Balance, beginning of year	\$ 166,015	\$ 2,941,303	\$ 166,142	\$ 86,333	\$ 237,970	\$ 333,971	\$ 242,117	\$ 19,679,451	\$ 19,380,784
Add									
Net additions during the year	-	4,334	3,367	-	-	786	757	510,432	298,667
Change in proportionate ownership	-	-	-	-	-	626	-	626	-
Less									
Reclassification of land held for resale	-	-	-	-	-	-	-	(40,600)	-
Disposals during the year	-	-	-	-	-	-	(833)	(833)	-
Balance, end of year	<u>166,015</u>	<u>2,945,637</u>	<u>169,509</u>	<u>86,333</u>	<u>237,970</u>	<u>335,383</u>	<u>242,041</u>	<u>20,149,076</u>	<u>19,679,451</u>
Accumulated amortization									
Balance, beginning of year	9,892	1,426,383	72,151	75,971	237,970	207,540	179,911	6,692,391	6,128,702
Add									
Amortization during the year	6,641	75,854	5,592	3,453	-	27,273	14,389	568,226	563,689
Change in proportionate ownership	-	-	-	-	-	335	-	335	-
Impairment write-down	-	-	-	-	-	-	-	19,553	-
Less									
Accumulated amortization on disposals	-	-	-	-	-	-	(805)	(805)	(385,394)
Balance, end of year	<u>16,533</u>	<u>1,502,237</u>	<u>77,743</u>	<u>79,424</u>	<u>237,970</u>	<u>235,148</u>	<u>193,495</u>	<u>7,279,700</u>	<u>6,692,391</u>
NET BOOK VALUE	<u>\$ 149,482</u>	<u>\$ 1,443,400</u>	<u>\$ 91,766</u>	<u>\$ 6,909</u>	<u>\$ -</u>	<u>\$ 100,235</u>	<u>\$ 48,546</u>	<u>\$ 12,869,376</u>	<u>\$ 12,987,060</u>

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

11. School capital fund

On January 1, 1982 the Municipality of the District of Argyle joined with the Municipality of the District of Clare to form the Conseil Scolaire-Clare Argyle-School Board. During the 1996-1997 year, these schools came under the operational control of either the Conseil Scolaire Acadien Provincial or the Southwestern Regional School Board. Under agreements with these school boards, all school buildings on hand at December 31, 1981 remain assets of the municipality but will be under the operational control of the district school boards until such time as the boards no longer require the assets for school purposes. At that time control will revert back to the municipality.

Assets meeting this definition include the Plymouth School, École Pubnico-Ouest, École de Wedgeport, and the School Bus Garage in Sainte-Anne-du-Ruisseau. During the previous fiscal year (2009), the Municipality has written off the cost of school assets to reflect the new PSAB guidance on Tangible Capital Assets, which indicates that the assets do not belong to the Municipality until control reverts to them. This adjustment was made retroactively in 2009. Proceeds from the sale of these assets would be recorded in the capital reserve. As of March 31, 2015, Argyle has not received notice of intent to revert these assets to the Municipality.

12. Contingency

Defined benefit pension plan

The Yarmouth Area Industrial Commission (the Commission) is a co-sponsor of an individual pension plan (Note 14). The pension plan liability as outlined in the most recent actuarial report has been recorded on a proportionate basis in their financial statements, however, significant uncertainties exist surrounding the potential obligation for the pension plan due to South West Shore Development Authority's ongoing receivership and approvals related to the date of plan wind-up. Due to these significant uncertainties, it cannot be determined at this time whether the Commission 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 in excess of what has been currently recorded is approximately \$158,025 (2014 - \$158,025).

13. Commitments

Organic waste collection and disposal contract

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

2016	\$282,916
2017	\$291,404
2018	\$300,146
2019	\$309,150
2020	\$318,425

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

13. Commitments (continued)

Domtex building demolition

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

14. Pension obligations

Defined contribution pension plan

During the year the Municipality matched contributions to their employees defined contribution pension plans at a rate of 5% of total wages. Contributions for the year totalled \$46,972 (2014 - \$35,437). As of March 31, 2015, there were no required future contributions in respect of past service and all contributions required under the plan had been funded.

Defined benefit pension plan

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.

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

15. Segment disclosure

The Municipality of the District of Argyle is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual, and was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal 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 - Administration

This department is responsible for the overall financial and local government administration. Its tasks include tax billings and payments, trade payables and receivables, budgets, financial statements, adherence to the Municipal Government Act, bylaw administration, and information technology management.

Protective Services

This segment is managed by the administration department. The Municipality is primarily responsible for police and fire protection for its residents. The Municipalities of Argyle and Yarmouth operate a joint police detachment which serves both Municipalities. The Municipality also engages the services of various not for profit, volunteer fire departments in order to fulfil its fire protection role. The Municipality pays operating and capital grants to each fire department.

Other protective services include fees paid to the Province for correctional services and animal and pest control.

Transportation Services

The Municipality is responsible for the maintenance of specialized roads within its jurisdiction. Argyle is also a partner in the operation and ownership of the Yarmouth International Airport Corporation. This segment is managed by the administration department.

Environmental Health Services - Department of Property Inspection and Public Works

The department is responsible for the maintenance and operations of waste and sewer services provided to residents and other customers. Its tasks include the provision of waste collection, recycling, and composting services and are responsible for the issuance of development permits and approving subdivision applications. This department also manages animal control and dangerous and unsightly premises issues.

Public Health Services

This segment is managed by the administration department. The Municipality's contribution to public health is primarily in the form of doctor retention and recruitment. The Municipality works collaboratively with other units to attract and retain this essential service via the construction of medical clinics in our communities, and the commitment to financially offset operational deficits of these operations.

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

15. Segment disclosure (continued)

Environmental Development Services

This Department is responsible for the planning and development within the Municipality and its neighbouring regions. Its tasks include offering shared services to the Municipalities of Yarmouth, Argyle, Digby, and Clare, developing strategies, planning reports, mapping capabilities and ensuring that Provincial mandates for boundary reviews and strategies are met.

This department also includes municipal contributions to the regional industrial commission and economic development authorities, who are mandated to promote development within our respective communities.

This department also includes Tourism Development, which is closely tied to economic development. This department ensures that our local tourism product is continuously developed to attract tourists in this area.

Recreation and Cultural Services

This department is responsible for promoting and offering recreation opportunities and activities to the Municipality's residents, specializing in offering day camps to youth and social activities for senior groups. This department also is responsible for the maintenance and operations of recreation fields for the benefit of all residents.

Also included in this grouping is the Argyle Courthouse and Gaol, the oldest standing courthouse in North America. The Municipality staffs this facility with an archivist who has the responsibility to manage this facility as well as the Municipal and public archives. This department works in conjunction with a local non-profit society for the preservation of the community's rich heritage. The Courthouse is open for tours during the tourist season.

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

15. Segment disclosure (continued)

	General government	Protective	Transportation	Environmental health	Public health	Environmental development	Recreation and cultural	2015	2014
Revenues									
Taxes	\$ 873,822	\$ 1,012,383	\$ 404,183	\$ 1,076,119	\$ 144,835	\$ 758,524	\$ 369,694	\$ 4,639,560	\$ 4,538,439
Grants in lieu of taxes	34,003	39,395	15,728	41,875	5,636	29,517	14,386	180,540	180,600
Special assessments	-	-	-	118,815	-	-	-	118,815	-
Other revenue from own sources	230,325	-	302,462	464,184	-	723,542	-	1,720,513	1,705,883
Unconditional transfers from Federal and Provincial governments or agencies	161,259	-	-	-	-	-	-	161,259	153,306
Conditional transfers from Federal and Provincial governments or agencies	245,186	2,885	-	206,126	-	-	12,073	466,270	352,010
Other transfers	1,200	-	-	-	-	4,101	-	1,200	1,200
Interest	243,367	-	-	-	-	-	-	247,468	242,057
	<u>1,789,162</u>	<u>1,054,663</u>	<u>722,373</u>	<u>1,907,119</u>	<u>150,471</u>	<u>1,515,684</u>	<u>396,153</u>	<u>7,535,625</u>	<u>7,173,495</u>
Expenditures									
Salaries and benefits	675,588	157,013	158,093	108,000	-	302,416	284,721	1,685,831	1,630,565
Goods and services	120,403	1,255,824	262,160	853,356	207,969	470,566	131,149	3,301,427	3,208,690
Amortization	11,076	17,803	31,105	380,362	12,040	98,779	17,061	568,226	563,689
Interest	3,005	-	-	-	-	13,546	-	16,551	28,922
Other	517,293	107,204	162,610	292,943	-	266,917	128,647	1,475,614	1,403,821
	<u>1,327,365</u>	<u>1,537,844</u>	<u>613,968</u>	<u>1,634,661</u>	<u>220,009</u>	<u>1,152,224</u>	<u>561,578</u>	<u>7,047,649</u>	<u>6,835,687</u>
Annual surplus (deficit)	<u>\$ 461,797</u>	<u>\$ (483,181)</u>	<u>\$ 108,405</u>	<u>\$ 272,458</u>	<u>\$ (69,538)</u>	<u>\$ 363,460</u>	<u>\$ (165,425)</u>	<u>\$ 487,976</u>	<u>\$ 337,808</u>

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

16. Subsidiary operations

	<u>2015</u>	<u>2014</u>
Revenues		
Expenditures	\$ 1,734,443	\$ 1,685,277
Annual surplus (deficit)	<u>\$ 166,082</u>	<u>\$ (37,303)</u>
Financial assets		
Financial liabilities	\$ 480,505	\$ 478,455
Net financial assets (debt)	<u>\$ 83,240</u>	<u>(199,429)</u>
Non-financial assets	\$ 3,582,070	\$ 3,812,176
Accumulated surplus	<u>\$ 3,665,310</u>	<u>\$ 3,612,747</u>

These amounts represent the proportion owned by the Municipality of the District of Argyle and are included in the consolidated statement of operations and statement of financial position.

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

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

17. 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 Municipality 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>
Revenue			
Taxes	\$ 4,609,085	\$ (4,671)	\$ 4,604,414
Grants in lieu of taxes	180,846	-	180,846
Special assessments	112,500	-	112,500
Other revenue from own sources	1,694,260	(205,872)	1,488,388
Unconditional transfers from other governments	161,259	-	161,259
Conditional transfers from Federal and Provincial governments and agencies	973,843	-	973,843
Other transfers	1,200	-	1,200
Interest	<u>231,850</u>	<u>-</u>	<u>231,850</u>
	<u>7,964,843</u>	<u>(210,543)</u>	<u>7,754,300</u>
Expense			
General government services	1,431,575	11,076	1,442,651
Protective services	1,522,868	17,803	1,540,671
Transportation services	658,390	(61,209)	597,181
Environmental health services	2,394,365	(673,203)	1,721,162
Public health and welfare services	325,103	(14,667)	310,436
Environmental development services	1,251,675	(54,671)	1,197,004
Recreational and cultural services	690,076	(117,939)	572,137
Transfers to (from) own reserves, funds and agencies	<u>(32,800)</u>	<u>32,800</u>	<u>-</u>
	<u>8,241,252</u>	<u>(860,010)</u>	<u>7,381,242</u>
Annual (deficit) surplus	<u>\$ (276,409)</u>	<u>\$ 649,467</u>	<u>\$ 373,058</u>

Municipality of the District of Argyle

Notes to the Consolidated Financial Statements

March 31, 2015

18. Previously closed landfill sites

The Municipality has landfill sites that were closed many years ago in accordance with the standards required at that time. Management believes that clean-up costs have been incurred in full, and thus has not recorded any additional liability. Any costs incurred in future years would be charged to operations in the fiscal year when the work is performed. A transfer of \$30,000 was made to and remains in the Special Reserve Fund - Capital Reserve Section in the 1995 - 1996 fiscal periods for future landfill closure costs.

19. Reserves

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

	<u>2015</u>	<u>2014</u>
Operating	<u>\$ 2,105,429</u>	<u>\$ 1,913,744</u>
Capital	<u>\$ 3,895,505</u>	<u>\$ 3,922,769</u>

The West Pubnico and Tusket wastewater operations are included in the non-consolidated operating fund. The accumulated surplus in these facilities is \$6,415 and \$28,038 respectively (2014 - \$26,322 and \$21,228 respectively).

20. Remuneration

The remuneration paid to elected officials and the chief administrative officer during the year ended March 31, 2015 was as follows:

<u>Council Members</u>	<u>Remuneration</u>
Warden Aldric d'Entremont	\$ 31,586
Deputy Warden Calvin d'Entremont	21,706
Councilor Richard Donaldson	19,535
Councilor Danny Muise	19,535
Councilor Lucien LeBlanc	19,535
Councilor Kathy Bourque	19,535
Councilor Nicole Albright	19,535
Councilor Guy Surette	19,535
Councilor Roderick Murphy Jr.	<u>19,535</u>
	190,037
Chief Administrative Officer	<u>109,499</u>
	<u>\$ 299,536</u>

21. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform with the presentation of the 2015 financial statements. The changes do not affect prior year net financial assets or accumulated surplus.