



## Consolidated Financial Statements

Municipality of the District of Argyle

March 31, 2014

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## 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, 2014 and the statement of operations, changes in net financial assets and changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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, 2014, and the results of its operations, changes in net financial assets and changes in financial position for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Yarmouth, Canada  
September 30, 2014

*Grant Thornton LLP*

Chartered Accountants

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# Municipality of the District of Argyle

## Management's Responsibility for Financial Reporting

March 31, 2014

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The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and external audited consolidated financial statements yearly. The 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	2014		Restated 2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Taxes	\$ 4,514,154	\$ 4,569,934	\$ 4,539,552
Grants in lieu of taxes	140,816	149,105	141,825
Other revenue from own sources	1,395,224	1,705,883	1,553,364
Unconditional transfers from			
Federal and Provincial governments	153,306	153,306	154,631
Conditional transfers from Federal and Provincial governments	1,088,789	352,010	408,635
Other transfers	1,200	1,200	800
Interest	<u>193,488</u>	<u>242,057</u>	<u>204,062</u>
	<u>7,486,977</u>	<u>7,173,495</u>	<u>7,002,869</u>
<b>Expenditures</b>			
General government services	1,372,749	1,286,437	1,311,525
Protective services	1,502,698	1,469,844	1,438,807
Transportation services	592,470	795,683	632,514
Environmental health services	1,505,621	1,539,707	1,566,000
Public health services	190,370	216,867	247,392
Environmental development services	1,197,063	1,020,870	1,162,874
Recreational and cultural services	<u>571,685</u>	<u>506,279</u>	<u>455,747</u>
	<u>6,932,656</u>	<u>6,835,687</u>	<u>6,814,859</u>
Annual surplus before the undernoted	554,321	337,808	188,010
Contribution of tangible capital assets	<u>-</u>	<u>-</u>	<u>(1,870,575)</u>
Annual surplus (deficit)	<u>\$ 554,321</u>	<u>\$ 337,808</u>	<u>\$ (1,682,565)</u>
<hr/>			
Accumulated surplus, beginning of year before prior period adjustment		\$ 18,820,037	\$ 20,639,675
Prior period adjustment (Note 19)		<u>-</u>	<u>(137,073)</u>
Accumulated surplus, beginning of the year after prior period adjustment		18,820,037	20,502,602
Annual (deficit) surplus		<u>337,808</u>	<u>(1,682,565)</u>
Accumulated surplus, end of year		<u>\$ 19,157,845</u>	<u>\$ 18,820,037</u>

See accompanying notes to the consolidated financial statements.

# Municipality of the District of Argyle

## Consolidated Statement of Financial Position

March 31	2014	Restated 2013
<b>Financial Assets</b>		
Cash and cash equivalents		
Restricted	\$ 260,917	\$ 232,624
Unrestricted	7,172,974	6,434,387
Taxes receivable (Notes 4 and 7)	406,507	423,219
Special assessment receivable (Note 4)	840,503	911,285
Due from Provincial government and its agencies (Note 5)	34,485	215,933
Due from Federal government and its agencies (Note 6)	164,441	208,181
Due from own agencies and other	47,582	69,566
Loans and other receivables	399,488	265,461
Land held for resale (Note 8)	133,300	182,300
Inventory held for resale	777	2,664
Properties acquired at tax sale	<u>3,276</u>	<u>3,276</u>
	<u>9,464,250</u>	<u>8,948,896</u>
<b>Financial Liabilities</b>		
Payables and accruals (Note 9)	943,222	1,006,943
Due to own agencies and other	9,402	9,725
Prepayment of taxes	69,162	69,155
Loans payable	169,245	205,984
Deferred revenue	878,769	660,913
Tax sale surplus	279,777	319,643
Long-term debt (Note 10)	<u>1,013,092</u>	<u>1,140,364</u>
	<u>3,362,669</u>	<u>3,412,727</u>
<b>NET FINANCIAL ASSETS</b>	<u>6,101,581</u>	<u>5,536,169</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 11)	19,679,451	19,380,784
Less: accumulated amortization (Note 11)	<u>(6,692,391)</u>	<u>(6,128,702)</u>
	12,987,060	13,252,082
Prepaid expenses	<u>69,204</u>	<u>31,786</u>
	<u>13,056,264</u>	<u>13,283,868</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 19,157,845</u>	<u>\$ 18,820,037</u>

Contingency (Note 13)  
Commitments (Note 14)

On behalf of the Municipality of the District of Argyle

\_\_\_\_\_ Warden \_\_\_\_\_ CAO

See accompanying notes to the consolidated financial statements.

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**Municipality of the District of Argyle**  
**Consolidated Statement of Change in Net Financial Assets**

March 31	2014		Restated 2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus (deficit)	\$ 554,321	\$ 337,808	\$ (1,682,565)
Acquisition of tangible capital assets	(844,000)	(298,667)	(421,634)
Loss on transfer of tangible capital assets	-	-	2,031,684
Amortization of tangible capital assets	<u>558,481</u>	<u>563,689</u>	<u>566,894</u>
	268,802	602,830	494,379
Use of prepaid assets	<u>-</u>	<u>(37,418)</u>	<u>(9,486)</u>
<b>Increase in net financial assets</b>	<b><u>\$ 268,802</u></b>	<b>565,412</b>	<b>484,893</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR BEFORE RESTATEMENT</b>		<b>5,536,169</b>	<b>5,188,349</b>
<b>Prior period adjustment (Note 19)</b>		<u>-</u>	<u>(137,073)</u>
<b>NET FINANCIAL ASSETS, END OF YEAR AFTER RESTATEMENT</b>		<b><u>\$ 6,101,581</u></b>	<b><u>\$ 5,536,169</u></b>

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See accompanying notes to the consolidated financial statements.

# Municipality of the District of Argyle

## Consolidated Statement of Changes in Financial Position

Year Ended March 31	2014	Restated 2013
<b>Operating activities</b>		
Annual surplus (deficit)	\$ 337,808	\$ (1,682,565)
<b>Change in non-cash items</b>		
Amortization	563,689	566,894
Taxes receivable	16,712	30,791
Special assessment receivable	70,782	67,179
Due from Provincial government and its agencies	181,448	233,589
Due from Federal government and its agencies	43,740	(128,108)
Due from own agencies and other	21,984	60,101
Loans and other receivables	(134,027)	(53,033)
Land held for resale	49,000	25,000
Inventory held for resale	1,887	1,721
Payables and accruals	(63,721)	11,312
Due to Provincial government and its agencies	-	(11,550)
Due to own agencies and other	(323)	(6,035)
Prepayment of taxes	7	2,398
Loans payable	(36,739)	(122,254)
Deferred revenue	217,856	413,234
Tax surplus sale	(39,866)	75,111
	<b>1,230,237</b>	<b>(516,215)</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(298,667)	(421,634)
Loss on sale/transfer of tangible capital assets	-	2,031,684
Change in prepaid expenses	(37,418)	(9,486)
	<b>(336,085)</b>	<b>1,600,564</b>
<b>Financing transactions</b>		
Repayment of long-term debt	(127,272)	(127,273)
Net increase in cash and cash equivalents	<b>766,880</b>	<b>957,076</b>
Cash and cash equivalents		
Beginning of year	<b>6,667,011</b>	<b>5,709,935</b>
End of year	<b>\$ 7,433,891</b>	<b>\$ 6,667,011</b>
Cash and cash equivalents are comprised of:		
Restricted cash	\$ 260,917	\$ 232,624
Unrestricted cash	<b>7,172,974</b>	<b>6,434,387</b>
	<b>\$ 7,433,891</b>	<b>\$ 6,667,011</b>

See accompanying notes to the consolidated financial statements.



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# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

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### 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 the Canadian Institute of Chartered Accountants.

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 and activity from government units to which Argyle has shared control. These organizations are described in Note 2 of these financial statements.

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 16, 2013. Any budgeted internal transfers were eliminated for consolidation purposes.

#### Revenue recognition

- (a) Tax revenue is property tax billings which are prepared by the Municipality based on assessment rolls issued by the Province of Nova Scotia. Tax rates are established annually by Municipal Council. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.
- (b) Revenue from provincial or municipal units without eligibility criteria or stipulations is recognized as revenue by the Municipality when the transfer is authorized. Revenue with eligibility criteria is recognized as revenue by the Municipality when the transfer is authorized and all eligibility criteria have been met. Revenue with stipulations is recognized as revenue by the Municipality when the transfer is authorized and all stipulations have been met.
- (c) Other revenue is recorded when it is earned.

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# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

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

#### Expenditures

Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation.

#### Cash and cash equivalents

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

#### Tax sale

Annually, the Municipality hosts a tax sale for properties whose owners are not up to date on their tax payments. The amounts 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 special reserve. In 2014 and 2013, there were no transfers made from the tax sale fund to the capital reserve.

#### Use of estimates

The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates that effect the amounts recorded in the financial statements. Actual results could differ from these estimates.

#### Financial instruments

The fair values of cash, receivables and payables are assumed to approximate their carrying amounts because of their short term to maturity.

#### Uncollected taxes and rates

The Municipality provides a valuation allowance for estimated losses that will be incurred in collecting receivables outstanding.

#### 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:

<b>Asset type</b>	<b>Rate</b>
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

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.

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# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

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

#### **Tangible capital assets (continued)**

School buildings formally under operational control of the Municipality have not been recorded as tangible capital assets, as it is more likely than not they would be sold and not put into municipal use.

#### **Segmented information**

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. Segmented reporting can be found on page 20 of these financial statements. 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.

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# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

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

#### Environmental Development Services

This Department is responsible for the planning and development within the Municipality and its neighbouring regions. Its tasks include offering shares services to the Municipalities of Yarmouth, Argyle, Barrington 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.

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### 2. Consolidation of government units

Along with the consolidation of its funds and reserves, the Municipality has also consolidated the financial activity of the following government units:

#### Yarmouth International Airport Corporation – 31.825% Interest

The Yarmouth International Airport Corporation was formed as a municipal corporation under the municipal government act. The Corporation's mandate is to operate the Yarmouth International Airport and develop the property and services. During the fiscal year, the Municipality of the District of Argyle paid operating grants for a total of \$327,156 (2013 - \$199,549) to the Corporation. The Airport Corporation's net assets and operations have been proportionately consolidated as part of these financial statements in accordance with Public Sector Accounting Standards.

#### Yarmouth County Solid Waste Management Authority – 31.612% Interest

The Yarmouth County Solid Waste Management Authority is a joint operation controlled by the Municipality of the District of Argyle, the Municipality of the District of Yarmouth and the Town of Yarmouth. During the fiscal year the Municipality paid operating grants of nil (2013 - \$61,774) and fees for landfill and recycling disposal of \$181,844 (2013 - \$164,334) to the Authority. The Authority's net assets and operations have been proportionately consolidated as part of these financial statements in accordance with Public Sector Accounting Standards.

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# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

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### 2. Consolidation of government units (continued)

#### Yarmouth & Acadian Shores Tourism Association – 25% Interest

The Yarmouth & Acadian Shores Tourism Association was incorporated on April 1, 2010 to assist the Municipality of Argyle, Town of Yarmouth, Municipality of Yarmouth and the Municipality of Clare with tourism development in the area. During the fiscal year the Municipality of Argyle paid core operating and project grants in the amount of \$80,817 (2013 - \$42,438) to the association. The Association's net assets and operations have been proportionately consolidated as part of these financial statements in accordance with Public Sector Accounting Standards.

#### Yarmouth Area Industrial Commission – 33.333% Interest

The Yarmouth Area Industrial Commission is a joint operation controlled by the Municipality of the District of Argyle, the Municipality of the District of Yarmouth and the Town of Yarmouth. The purpose of the Industrial Commission is focused on four primary goals; to incubate business through ownership of a variety of facilities in Yarmouth County, to operate the Port of Yarmouth, to facilitate and develop the restoration of ferry service from Nova Scotia to New England and the ownership and management of the AM Clarke Health Center and the Harbour South Medical Clinic. During the fiscal year, Argyle paid \$161,417 (2013 - \$168,490) in operating grants for these purposes. The Industrial Commission's net assets and operations have been proportionately consolidated as part of these financial statements in accordance with Public Sector Accounting Standards.

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### 3. Contributions to Boards and Commissions

#### a) 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.

#### b) 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.

# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

### 3. Contributions to Boards and Commissions (continued)

#### b) Boards in which the Municipality has less than 100% interest (continued)

- Tri-County Housing Authority - 10.00% Interest

During the period, the Municipality of the District of Argyle paid \$17,696 (2013 - \$24,325) 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 \$54,031 (2013 - \$54,031) to the Regional Library.

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

During the period, the Municipality contributed \$65,528 (2013 - \$52,000) as its share of the operations of the District Planning Commission.

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

During the year, the Municipality contributed \$9,350 (2013 - \$18,727) as its share of the cost of operations of The Western Region Solid Waste Resource Management Authority.

4. Taxes receivable and special assessments receivable			2014	2013
	Current	Prior	Total	Total
Taxes receivable, beginning of year	\$ -	\$ 423,219	\$ 423,219	\$ 454,010
Levy	<u>6,096,065</u>	<u>-</u>	<u>6,096,065</u>	<u>6,022,648</u>
	<u>6,096,065</u>	<u>423,219</u>	<u>6,519,284</u>	<u>6,476,658</u>
Collections	5,732,669	257,480	5,990,149	5,940,567
Write-offs	-	14,500	14,500	15,142
Reduced taxes	<u>111,665</u>	<u>-</u>	<u>111,665</u>	<u>108,572</u>
	<u>5,844,334</u>	<u>271,980</u>	<u>6,116,314</u>	<u>6,064,281</u>
	251,731	151,239	402,970	412,377
Interest on taxes	32,590	27,589	60,179	58,673
Less valuation allowance (Note 7)	<u>(5,811)</u>	<u>(50,831)</u>	<u>(56,642)</u>	<u>(47,831)</u>
Taxes receivable, end of year	<u>\$ 278,510</u>	<u>\$ 127,997</u>	<u>\$ 406,507</u>	<u>\$ 423,219</u>

#### 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 \$186,076 (2013 - \$197,276). 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.

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# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

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#### 4. Taxes receivable and special assessments receivable (continued)

##### 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, 2014, the principal balance owed from the West Pubnico residents is \$654,427 (2013 - \$714,009). 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 \$840,503 (2013 - \$911,285).

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5. Due from Provincial government and its agencies	<u>2014</u>	Restated <u>2013</u>
Canada-Nova Scotia Infrastructure Secretariat	\$ -	\$ 178,504
Province of Nova Scotia – other	22,000	24,454
Aliant Telecom	12,485	12,227
Other	-	748
	<u>\$ 34,485</u>	<u>\$ 215,933</u>

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6. Due from Federal government and its agencies	<u>2014</u>	<u>2013</u>
Atlantic Canada Opportunities Agency	\$ 28,906	\$ 45,364
HST receivable	135,535	162,817
	<u>\$ 164,441</u>	<u>\$ 208,181</u>

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7. Valuation allowance - uncollectible taxes	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 47,831	\$ 33,000
Add provision for the year	<u>23,311</u>	<u>29,973</u>
	71,142	62,973
Deduct uncollectible taxes and interest written off	<u>14,500</u>	<u>15,142</u>
Balance, end of year – see Note 4	<u>\$ 56,642</u>	<u>\$ 47,831</u>

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# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

### 8. 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 1990, the Municipality transferred title of the Tuskent Business Park property to the Yarmouth Area Industrial Commission at no charge. The Municipality may terminate the transfer agreement on its anniversary date annually or the agreement will terminate unless renewed by respective parties.

During 2012, the Municipality re-acquired the Tuskent 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, 2014, six of the lots have been sold.

9. Payables and accruals	<u>2014</u>	<u>2013</u>
Trade	\$ 437,250	\$ 619,421
Amounts due for controlled entities		
- Yarmouth International Airport Corporation	104,996	43,896
- Yarmouth Area Industrial Commission	325,955	211,881
- Yarmouth & Acadian Shores Tourism Association	9,463	13,709
- Yarmouth County Solid Waste Management Authority	22,558	77,695
Employee source deductions	-	1,341
Sick leave	<u>43,000</u>	<u>39,000</u>
	<u>\$ 943,222</u>	<u>\$1,006,943</u>

10. Long-term debt	Balance April 1, 2013	Repaid	Balance March 31, 2014	Interest	Interest rate
Federation of Canadian Municipalities - Green Municipal Fund loan maturing in 2021	<u>\$ 1,140,364</u>	<u>\$ 127,272</u>	<u>\$ 1,013,092</u>	<u>\$ 19,214</u>	1.75%

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

2015	\$127,322
2016	\$127,316
2017	\$127,266
2018	\$127,309
2019	\$127,297



## Municipality of the District of Argyle Notes to the Consolidated Financial Statements

March 31, 2014

### 11. Tangible capital assets

	Land	Land improvements	Land	Buildings	West Pubnico Sewer	Tusket Sewer	Tusket Business Park Sewer	Wedgeport Sewer	Roads and Paving	Underground Piping
<b>Cost</b>										
Balance, beginning of year	\$ 428,158	\$ 420,750	\$ 2,526,517	\$ 7,560,848	\$ 2,737,122	\$ 694,157	\$ 65,650	\$ 477,719	\$ 311,855	
Add	-	-	22,335	217,918	42,571	-	-	-	-	
Less	-	-	-	-	-	-	-	-	-	
Disposals during the year	-	-	-	-	-	-	-	-	-	
Balance, end of year	<u>428,158</u>	<u>420,750</u>	<u>2,548,852</u>	<u>7,778,766</u>	<u>2,779,693</u>	<u>694,157</u>	<u>65,650</u>	<u>477,719</u>	<u>311,855</u>	
<b>Accumulated amortization</b>										
Balance, beginning of year	-	16,830	931,044	2,150,559	547,424	79,424	18,053	216,201	99,669	
Add	-	-	-	191,199	69,492	17,354	1,641	19,471	54,904	
Less	-	-	-	-	-	-	-	-	-	
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	
Balance, end of year	<u>428,158</u>	<u>33,460</u>	<u>983,722</u>	<u>2,341,758</u>	<u>616,916</u>	<u>96,778</u>	<u>19,694</u>	<u>235,672</u>	<u>154,573</u>	
<b>NET BOOK VALUE</b>	<u>\$ 428,158</u>	<u>\$ 387,290</u>	<u>\$ 1,565,130</u>	<u>\$ 5,437,008</u>	<u>\$ 2,162,777</u>	<u>\$ 597,379</u>	<u>\$ 45,956</u>	<u>\$ 242,047</u>	<u>\$ 157,282</u>	

# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

### 11. Tangible capital assets (continued)

	Contaminated Soil Site	Wharves	Hangar	Sidewalks	Organic Compost Bins	Equipment & Machinery	Vehicles	2014 Total	2013 Total
<b>Cost</b>									
Balance, beginning of year	\$ 162,581	\$ 2,941,303	\$ 165,361	\$ 86,333	\$ 237,970	\$ 322,686	\$ 241,774	\$ 19,380,784	\$ 21,376,228
Add									
Net additions during the year	3,434	-	781	-	-	11,285	343	298,667	421,634
Less									
Disposals during the year	-	-	-	-	-	-	-	-	(2,417,078)
Balance, end of year	<u>166,015</u>	<u>2,941,303</u>	<u>166,142</u>	<u>86,333</u>	<u>237,970</u>	<u>333,971</u>	<u>242,117</u>	<u>19,679,451</u>	<u>19,380,784</u>
<b>Accumulated amortization</b>									
Balance, beginning of year	3,250	1,346,651	66,725	72,518	237,970	178,525	163,859	6,128,702	5,947,202
Add									
Amortization during the year	6,642	79,732	5,426	3,453	-	29,015	16,052	563,689	566,894
Less									
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(385,394)
Balance, end of year	<u>9,892</u>	<u>1,426,383</u>	<u>72,151</u>	<u>75,971</u>	<u>237,970</u>	<u>207,540</u>	<u>179,911</u>	<u>6,692,391</u>	<u>6,128,702</u>
<b>NET BOOK VALUE</b>	<u>\$ 156,123</u>	<u>\$ 1,514,920</u>	<u>\$ 93,991</u>	<u>\$ 10,362</u>	<u>\$ -</u>	<u>\$ 126,431</u>	<u>\$ 62,206</u>	<u>\$ 12,987,060</u>	<u>\$ 13,252,082</u>

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# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

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### 12. 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, 2014, Argyle has not received notice of intent to revert these assets to the Municipality.

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### 13. Contingency

#### *Defined benefit pension plan*

The Yarmouth Area Industrial Commission (the Commission) is a co-sponsor of an individual pension plan (Note 16). 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 (2013 - \$158,025).

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### 14. Commitments

The Municipality 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, 2010 with one year remaining and the future amounts are \$266,902 (excluding HST).

Management expects to renew this contract, but has not entered negotiations at the time the financial statements were released.

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# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

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### 15. 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.

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### 16. Pension obligations

#### *Defined contribution 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 \$35,437 (2013 - \$29,117). As of March 31, 2014, there were no required future contributions in respect of past service and all contributions required under the plan had been funded.

#### *Defined benefit 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.

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### 17. Reserves

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

	<u>2014</u>	<u>2013</u>
Operating	<u>\$ 1,913,744</u>	<u>\$ 1,780,178</u>
Capital	<u>\$ 3,922,769</u>	<u>\$ 8,853,552</u>

The West Pubnico and Tusket wastewater operations are included in the non-consolidated operating fund. The accumulated surplus in these facilities is \$295,590 and \$21,228 respectively (2013 - \$285,751 and \$24,860 respectively).

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## Municipality of the District of Argyle

### Notes to the Consolidated Financial Statements

March 31, 2014

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#### 18. Remuneration

The remuneration paid to elected officials and the chief administrative officer during the year ended March 31, 2014 was as follows:

Council Members	<u>Remuneration</u>
Warden Aldric d'Entremont	\$ 27,132
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	16,455
Councilor Guy Surette	19,535
Councilor Roderick Murphy Jr.	<u>19,535</u>
	182,503
Chief Administrative Officer	<u>98,103</u>
	<u>\$ 280,606</u>

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#### 19. Prior period adjustment

During the year, the Municipality of the District of Argyle changed the application of *PS 3410 – Government Transfers* which resulted in a prior period adjustment. Originally on April 1, 2012, *PS 3410* was adopted by the Municipality and applied prospectively. In order to provide increased relevancy to the users of the consolidated financial statements, the Municipality has changed the application of *PS 3410* and applied it retroactively at the date of adoption.

This has resulted in a prior period adjustment of \$137,073 to accumulated surplus as of April 1, 2012 and a restatement of the prior year comparative balances. Prior year comparative balances have been adjusted as follows:

	2013 Prior <u>Balance</u>	2013 Restated <u>Balance</u>	<u>Change</u>
Revenues			
Interest	\$ 207,488	\$ 204,062	\$ (3,426)
Financial Assets			
Due from Provincial government and its agencies	54,481	215,933	161,452
Financial Liabilities			
Deferred revenue	358,962	660,913	301,951
Accumulated surplus, opening balance	20,639,675	20,502,602	(137,073)

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#### 20. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform with the presentation of the 2014 financial statements.

# Municipality of the District of Argyle

## Notes to the Consolidated Financial Statements

March 31, 2014

### 21. Segment disclosure

	General government	Protective	Transportation	Environmental health	Public health	Environmental development	Recreation and cultural	2014	Restated 2013
<b>Revenues</b>									
Taxes	\$ 860,035	\$ 982,650	\$ 531,946	\$ 1,029,357	\$ 144,984	\$ 682,493	\$ 338,469	\$ 4,569,934	\$ 4,539,552
Grants in lieu of taxes	28,061	32,061	17,356	33,585	4,730	22,269	11,043	149,105	141,825
Other revenue from own sources	256,840	-	379,010	883,959	-	186,074	-	1,705,883	1,553,364
Unconditional transfers from Federal and Provincial governments or agencies	153,306	-	-	-	-	-	-	153,306	154,631
Conditional transfers from Federal and Provincial governments or agencies	159,065	2,851	-	190,094	-	-	-	352,010	408,635
Other transfers	1,200	-	-	-	-	-	-	1,200	800
Interest	242,057	-	-	-	-	-	-	242,057	204,062
	<u>1,700,564</u>	<u>1,017,562</u>	<u>928,312</u>	<u>2,136,995</u>	<u>149,714</u>	<u>890,836</u>	<u>349,512</u>	<u>7,173,495</u>	<u>7,002,869</u>
<b>Expenditures</b>									
Salaries and benefits	643,498	156,917	158,043	101,780	-	285,284	285,043	1,630,565	1,529,711
Goods and services	136,878	1,223,682	375,157	810,096	201,408	391,089	70,380	3,208,690	2,946,093
Amortization	7,319	17,803	32,539	368,608	15,459	105,100	16,861	563,889	566,894
Interest	2,800	-	-	-	-	26,122	-	28,922	43,021
Other	495,942	71,442	229,944	259,223	-	213,275	133,995	1,403,321	1,729,140
	<u>1,286,437</u>	<u>1,469,844</u>	<u>795,683</u>	<u>1,539,707</u>	<u>216,867</u>	<u>1,020,870</u>	<u>506,279</u>	<u>6,835,687</u>	<u>6,814,859</u>
<b>Annual surplus (deficit)</b>	<b>\$ 414,127</b>	<b>\$ (452,282)</b>	<b>\$ 132,629</b>	<b>\$ 597,288</b>	<b>\$ (67,153)</b>	<b>\$ (130,034)</b>	<b>\$ (156,767)</b>	<b>\$ 337,808</b>	<b>\$ 188,010</b>

## Municipality of the District of Argyle Notes to the Consolidated Financial Statements

March 31, 2014

### 22. Subsidiary operations

	<u>2014</u>	<u>2013</u>
Yarmouth International Airport Corporation	\$ 483,127	
	<u>446,503</u>	
	<u>\$ 36,624</u>	
Yarmouth County Solid Waste Management Authority	\$ 491,532	
	<u>492,253</u>	
	<u>\$ (721)</u>	
Yarmouth Area Industrial Commission	\$ 503,716	
	<u>588,528</u>	
	<u>\$ (84,812)</u>	
Yarmouth and Acadian Shores Tourism Association	\$ 206,902	
	<u>195,296</u>	
	<u>\$ 11,606</u>	
Yarmouth County Solid Waste Management Authority	\$ 491,532	
	<u>492,253</u>	
	<u>\$ (721)</u>	
Yarmouth Area Industrial Commission	\$ 503,716	
	<u>588,528</u>	
	<u>\$ (84,812)</u>	
Yarmouth and Acadian Shores Tourism Association	\$ 206,902	
	<u>195,296</u>	
	<u>\$ 11,606</u>	
Revenues	\$ 1,685,277	\$ 1,562,800
Expenditures	<u>1,722,580</u>	<u>3,450,939</u>
Annual surplus (deficit)	<u>\$ (37,303)</u>	<u>\$ (1,888,139)</u>
Financial assets	\$ 478,455	\$ 268,192
Financial liabilities	<u>677,884</u>	<u>652,876</u>
Net financial (debt) assets	<u>(199,429)</u>	<u>(384,684)</u>
Non-financial assets	<u>3,812,176</u>	<u>3,847,406</u>
Accumulated surplus	<u>\$ 3,612,747</u>	<u>\$ 3,462,722</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.