

**MUNICIPALITY OF EAST  
HANTS**

**FINANCIAL REPORT**

March 31, 2013



**EAST HANTS**

Growth. We live it.

Municipality of the District of East Hants

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March 31, 2013

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## Independent Auditor's Report

His Worship the Warden and  
Members of Council of the  
Municipality of the District of East Hants

We have audited the accompanying consolidated financial statements of the Municipality of the District of East Hants, which comprise the consolidated statement of financial positions as at March 31, 2013, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of the District of East Hants as at March 31, 2013, and the results of its operations, net debt, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for the Public Sector.



Chartered Accountants  
Halifax, Nova Scotia  
July 30, 2013

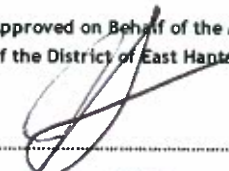
**Municipality of the District of East Hants  
Consolidated Statement of Financial Position  
As at March 31, 2013**

	2013	2012
<b>FINANCIAL ASSETS</b>		
Cash and short term investments (Note 2)	\$ 13,182,913	\$ 14,153,443
Taxes and rates receivable (Note 3)	2,095,570	2,259,074
Accounts receivable (Note 4)	1,691,460	2,050,077
	<u>16,969,943</u>	<u>18,462,594</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	3,230,639	3,312,324
Deferred revenue - general	1,390,208	1,558,009
Deferred revenue - obligatory reserve (Note 6)	2,756,533	2,649,569
Employee benefits and other obligations (Note 9)	246,046	279,310
Tax sale surplus	180,532	161,443
Net short term liabilities (Note 8)	-	1,500,000
Net long term liabilities (Note 8)	27,520,224	27,954,286
	<u>35,324,182</u>	<u>37,414,941</u>
<b>NET DEBT</b>	<u>(18,354,239)</u>	<u>(18,952,347)</u>
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (Note 1)	74,916,723	71,522,463
Work in progress (Note 1)	174,595	833,137
Inventory and prepaid expenses	333,695	195,510
	<u>75,425,013</u>	<u>72,551,110</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>\$ 57,070,774</u>	<u>\$ 53,598,763</u>

Commitments (Note 15)

Contingency (Note 17)

Approved on Behalf of the Municipality  
of the District of East Hants

  
.....Warden

  
.....Clerk

Municipality of the District of East Hants  
Consolidated Statement of Operations  
Year Ended March 31, 2013

	*2013 Budget Unaudited (Note 1)	2013 Actual	2012 Actual
<b>Revenues</b>			
Property taxes (Note 13)	\$ 22,167,787	\$ 22,269,818	\$ 20,878,969
Grants in lieu of taxes	164,630	188,970	163,989
Sale of services	1,046,978	857,989	999,705
Other revenue from own sources	1,203,975	1,378,814	1,283,941
Unconditional transfers from other governments	163,000	197,181	172,593
Conditional transfers from federal or provincial government	121,167	188,526	129,419
Government grants	1,374,533	1,151,878	1,661,608
Development and other contributions applied	1,142,333	1,016,850	267,821
Other transfers	400,000	400,000	400,000
Water utility	2,261,522	2,289,314	2,183,629
<b>Total Revenues</b>	<b>30,045,925</b>	<b>29,939,340</b>	<b>28,141,674</b>
<b>Expenses</b>			
General government services	5,287,059	5,048,321	4,651,380
Protective services	6,340,580	6,269,965	5,854,500
Education services (Note 13)	3,997,507	3,992,868	3,727,368
Social services	58,372	53,132	51,560
Transportation services	1,800,382	1,734,336	1,888,511
Environmental health services	5,164,461	4,831,850	4,792,663
Environmental development services	1,627,867	910,926	1,123,571
Landfill closure/post closure costs	22,800	32,273	(17,130)
Recreation and cultural services	1,519,922	1,405,387	1,452,846
Water utility	2,209,942	2,188,271	1,745,554
<b>Total Expenses</b>	<b>28,028,892</b>	<b>26,467,329</b>	<b>25,270,823</b>
<b>Annual Surplus</b>	<b>2,017,033</b>	<b>3,472,011</b>	<b>2,870,851</b>
<b>Accumulated Surplus, Beginning of Year</b>	<b>53,598,763</b>	<b>53,598,763</b>	<b>50,727,912</b>
<b>Accumulated Surplus, End of Year</b>	<b>\$ 55,615,796</b>	<b>\$ 57,070,774</b>	<b>\$ 53,598,763</b>

Municipality of the District of East Hants  
Consolidated Statement of Changes in Net Debt  
Year Ended March 31, 2013

	*2013 Budget (Note 1)	2013 Actual	2012 Actual
Annual Surplus	\$ 2,017,033	\$ 3,472,011	\$ 2,870,851
<b>Tangible Capital Assets</b>			
Acquisition of tangible capital assets	(8,134,570)	(5,153,527)	(7,450,304)
Amortization of tangible capital assets	2,258,855	2,268,705	1,999,903
Loss (gain) on sale of tangible capital assets	-	(321,526)	(82,833)
Proceeds on sale of tangible capital assets	-	470,630	177,780
	<u>(5,875,715)</u>	<u>(2,735,718)</u>	<u>(5,355,454)</u>
<b>Other Non-Financial Assets</b>			
Decrease (Increase) in inventory and prepaid expenses	-	(138,185)	48,081
<b>Decrease (Increase) in Net Debt</b>	<b>(3,858,682)</b>	<b>598,108</b>	<b>(2,436,522)</b>
<b>Net Debt, Beginning of Year</b>	<b>(18,952,347)</b>	<b>(18,952,347)</b>	<b>(16,515,825)</b>
<b>Net Debt, End of Year</b>	<b>\$ (22,811,029)</b>	<b>\$ (18,354,239)</b>	<b>\$ (18,952,347)</b>

Municipality of the District of East Hants  
Consolidated Statement of Cash Flow  
Year Ended March 31, 2013

	2013	2012
<b>Operations</b>		
Annual surplus	\$ 3,472,011	\$ 2,870,851
Add amortization of tangible capital assets	2,268,705	1,999,903
	<u>5,740,716</u>	<u>4,870,754</u>
<b>Changes in Non-Cash Assets and Liabilities</b>		
Decrease in accounts receivable	358,617	1,004,248
(Increase) decrease in taxes receivable	163,504	(95,929)
Decrease in accounts payable and accruals	(81,685)	(185,572)
Increase in tax sale surplus	19,089	6,567
Increase (decrease) in deferred revenue	(60,837)	223,619
(Decrease) increase in employee benefits/other obligations	(33,264)	(128,994)
Decrease in inventory and prepaid expenses	(138,185)	48,081
	<u>227,239</u>	<u>872,020</u>
<b>Net Change in Cash From Operations</b>	<u>5,967,955</u>	<u>5,742,774</u>
<b>Financing Activities</b>		
Long term debt issued	1,000,000	615,000
Short term debt issued (retired)	(1,500,000)	1,500,000
Long term debt retired	(1,434,062)	(1,374,400)
	<u>(1,934,062)</u>	<u>740,600</u>
<b>Capital Activities</b>		
Additions to tangible capital assets	(5,812,069)	(13,250,118)
Decrease (increase) in work in progress	658,542	5,799,814
(Gain) loss on sale of tangible capital assets	(321,526)	(82,833)
Proceeds on sale of tangible capital assets	470,630	177,780
	<u>(5,004,423)</u>	<u>(7,355,357)</u>
<b>Investing Activities</b>		
Decrease (increase) in short term investments	(1,843,651)	1,931,967
<b>Increase in Cash Position</b>	<u>(2,814,181)</u>	<u>1,059,984</u>
<b>Cash Position, Beginning of Year</b>	2,060,924	1,000,940
<b>Cash Position, End of Year</b>	<u>\$ (753,257)</u>	<u>\$ 2,060,924</u>

1. **Significant Accounting Policies**

The consolidated financial statements of the Municipality of East Hants (Municipality) are the representations of management prepared in accordance with accounting principles for local governments as established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by the Municipality of East Hants are as follows:

a) **Reporting Entity**

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

- General Operating and Capital
- Water Utility Operating and Capital

Inter-departmental and inter-organizational transactions have been eliminated.

b) **Fund Accounting**

Funds within the consolidated financial statements consist of current, capital and reserve funds.

Council approves certain amounts to be set aside in reserves and reserve funds for future operating and capital purposes. Transfers between funds are recorded as adjustments to the appropriate fund balance.

c) **Revenue and Expenditure Recognition**

Revenues are recorded using the accrual basis of accounting as they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as Deferred Revenue - Obligatory Reserve Funds until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired and the liability is incurred or transfer is due.

Property tax revenue is based on assessments determined in accordance with Nova Scotia legislation. Tax rates are set annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal. Penalties on overdue taxes are recorded in the period levied.



**d) Tangible Capital Assets**

Tangible capital assets are recorded in accordance with section 3150 of the PSAB Handbook.

Amortization has been calculated on a straight-line basis over an asset's useful life as follows:

Land Improvements	20 years
Municipal Buildings	40 years
Buildings - Plants	25 years
Machinery and Equipment	5 - 10 years
Vehicles - residual value \$10,000	4 years
Engineered Structures	
Roadway Systems	50 years
Sidewalks	20 years
LED Streetlights	25 years
Sewer Collection and Disposal	40 - 50 years
Landfill Infrastructure	25 years
Industrial Park Infrastructure	40 years

Water Utility assets are depreciated in accordance with the Nova Scotia Utility and Review Board Accounting and Reporting Handbook section 3040 and 3042.

	General Capital Assets				Infrastructure			Assets in WIP	2013 TOTAL	2012 TOTAL
	Land	Buildings	Machinery & Equipment	Vehicles	Engineered Structures	Industrial Parks	Water Utilities			
<b>Cost</b>										
Opening Costs	2,316,273	9,305,190	2,329,011	235,289	51,308,799	4,195,380	22,515,144	833,137	93,038,223	85,825,318
Additions during year	32,768	3,422,501	21,177	52,143	2,135,094	-	148,386	(658,542)	5,153,527	7,450,304
Disposals & Write downs	(50,195)	(78,000)	-	(68,423)	-	-	(20,290)	-	(216,908)	(237,399)
Closing Costs	2,298,846	12,649,691	2,350,188	219,009	53,443,893	4,195,380	22,643,240	174,595	97,974,842	93,038,223
<b>Accumulated Amortization</b>										
Opening Accum. Amortization	N/A	2,609,397	1,027,291	76,459	12,628,430	708,398	3,632,648	-	20,682,623	18,825,170
Amortization in Year	N/A	240,790	228,196	21,657	1,337,130	113,082	327,850	-	2,268,705	1,999,903
Adj./Disposals - Accum Amort	N/A	(21,288)	-	(38,423)	-	-	(8,093)	-	(67,804)	(142,450)
Acc Amort - End of Year	-	2,828,899	1,255,487	59,693	13,965,560	821,480	3,952,405	-	22,883,524	20,682,623
<b>Net Book Value</b>	2,298,846	9,820,792	1,094,701	159,316	39,478,333	3,373,900	18,690,835	174,595	75,091,318	72,355,600

**e) Deferred Revenue / Obligatory Reserve Funds**

Deferred revenue consists of user charges and fees which have been collected but for which the related services have yet to be performed, at which time they will be recognized as revenues.

The Municipality receives infrastructure charge contributions and payments in lieu of green space under provisions of Municipal By-Laws. These funds by their nature are restricted in their use and until applied to applicable capital works, are recorded as Deferred Revenue - Obligatory Reserve Funds. As applied to capital projects, they are recorded as revenue in the year the funds are expended.

**f) Government Transfers**

The Municipality has adopted the following new PSA section 3410 - Government Transfers, effective April 1, 2012, prospectively. This section replaces the previous section 3410. Government and other contributions are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when the transfer includes stipulations which have not yet been met. The adoption of this new section has had no impact on these financial statements.

**g) Investment Income**

Investment income earned on surplus current funds, capital funds, and reserve funds (other than obligatory reserve funds) is reported as revenue in the period earned. Investment income earned on obligatory reserve funds forms part of the respective deferred revenue balance.

**h) Employee Future Benefits**

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected cost method pro-rated on service and management's best estimate of retirement ages of employees and expected health care and other costs.

**i) Budget Figures**

Council completes separate budget reviews for its operating, water utility and capital budgets each year. The approved operating and water utility budget for 2013 is reflected on the Schedule of Current Fund Municipal Operations and Schedule of Current Fund Water Utility. For capital spending, budgets are set for individual projects and funding for these activities is determined annually and made by transfers from reserve funds, transfers from the operating/water utility funds, by the application of applicable grants, other funds available and by debt financing. As many capital projects are carried out over one or more years, it is not practical to present annualized budget information on the Schedule of Capital Fund Operations.

**j) PSAB Budget**

The consolidated financial statements include an unaudited PSAB budget.

With the exception of the water utility budget, amortization and the gain/loss on the sale of assets were not contemplated during the development of the budget and, as such, have been included using actual figures for the budget value.

The reconciliation between the financial plan and the budget figures used in these statements is disclosed as a schedule - Reconciliation of the Financial Plan to the PSAB Budget.

**k) Use of Estimates**

The preparation of these statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and to disclose contingent assets and liabilities at the date of the consolidated financial

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2013

statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**2. Cash and Short Term Investments**

Cash and Short Term Investments are comprised of:

	<u>2013</u>	<u>2012</u>
Bank	\$ (753,257)	\$ 2,060,924
Temporary investments	11,678,637	10,049,950
Restricted cash (obligatory reserve funds)	2,257,533	2,042,569
	<u>\$ 13,182,913</u>	<u>\$ 14,153,443</u>

Administered bank accounts

The Municipality administers bank accounts for the Hants Regional Development Authority, Lantz Fire Department, Milford Fire Department, Nine Mile River Fire Department, Maitland Fire Department, and Rawdon Fire Department. These bank accounts are held in the name of the Municipality of the District of East Hants, but do not belong to the Municipality and therefore these accounts are not included in these financial statements.

**3. Taxes and Rates Receivable**

Taxes receivable have been recorded net of an allowance for doubtful accounts of \$12,971 (2012 - \$21,712), representing a staff estimate of uncollectible accounts.

**4. Accounts Receivable**

The balance for accounts receivable on the consolidated Statement of Financial Position totaled \$1,691,460 (2012 - \$2,050,077). The balance is comprised of the following:

	<u>2013</u>	<u>2012</u>
Amounts due from provincial/federal government	\$ 796,973	\$ 771,870
Loan to Lantz fire department	329,798	342,831
Other	564,689	935,376
	<u>\$ 1,691,460</u>	<u>\$ 2,050,077</u>

In 2008/2009 the Municipality loaned the Lantz Volunteer Fire Department the amount of \$370,000 as per section 66(4) (e) of the Municipal Government Act (MGA).

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2013

5. Accounts Payable and Accrued Liabilities

	<u>2013</u>	<u>2012</u>
Liability for closure/post closure costs - landfill	\$ 263,166	\$ 230,892
Liability for unamortized pension loss	339,208	171,731
Other payables and accruals	2,628,265	2,909,701
	<u>\$ 3,230,639</u>	<u>\$ 3,312,324</u>

6. Deferred Revenue - Obligatory Reserve

	<u>2013</u>	<u>2012</u>
Developer charges - sewer	\$ 2,005,439	\$ 1,950,416
Developer charges - water	736,794	685,024
Green space contributions	14,300	14,129
	<u>\$ 2,756,533</u>	<u>\$ 2,649,569</u>

7. Continuity of Obligatory Reserve Funds

	<u>2013</u>	<u>2012</u>
Balance at the beginning of year	\$ 2,649,569	\$ 2,517,630
Development charges billed - sewer	34,597	174,012
Development charges billed - water	46,596	171,011
Green space contribution (expensed)	-	(64,630)
Interest on reserve balance	25,771	23,505
Transfer - Shubenacadie Water Treatment Plant	-	(171,959)
	<u>\$ 2,756,533</u>	<u>\$ 2,649,569</u>

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2013

**8. Net Long Term Liabilities**

- a) Of the \$27,520,224 long-term debt (2012 - \$27,954,286) certain payments represent a burden on general Municipal Revenues, as they are to be recovered in future years from other sources.

	<u>2013</u>	<u>2012</u>
General revenues	\$ 3,571,333	\$ 3,816,445
Local improvement charges	529,696	663,876
Area rates	11,649,790	11,204,737
Sale of land in Industrial Parks	1,939,403	2,106,731
Water charges	5,332,168	5,515,002
Tenants rent	4,175,374	4,312,235
Loan to Lantz fire department	322,460	335,260
	<u>\$ 27,520,224</u>	<u>\$ 27,954,286</u>

- b) The total principal repayments in each of the next five years are as follows:

	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
General Government	\$ 83,584	\$ 86,471	\$ 89,684	\$ 18,200	\$ 19,400
Buildings	144,130	151,790	159,850	168,350	177,290
Hospital	25,445	26,516	27,549	28,749	30,016
Protective Services	7,297	7,498	7,735	8,000	8,298
Transportation	534,905	544,526	495,837	454,115	461,071
Environmental Health	138,598	145,411	152,486	107,778	231,981
Sewers	77,294	80,082	83,178	86,568	90,266
Water Utility	189,591	196,708	204,210	212,114	220,424
Environmental Development	189,300	181,767	108,069	110,143	112,419
Recreation	142,043	146,994	152,574	137,032	142,821
Lantz Fire Department	13,460	14,150	14,880	15,650	16,455
	<u>\$ 1,545,647</u>	<u>\$ 1,581,913</u>	<u>\$ 1,496,052</u>	<u>\$ 1,346,699</u>	<u>\$ 1,510,441</u>

- c) Total charges for the year for long term debt are as follows:

	<u>2013</u>	<u>2012</u>
Principal	\$ 1,434,062	\$ 1,362,230
Interest	1,305,756	1,314,732
	<u>\$ 2,739,818</u>	<u>\$ 2,676,962</u>

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2013

d) Total charges for the year for long-term debt were recorded as follows:

	<u>2013</u>	<u>2012</u>
General revenues	\$ 790,980	\$ 743,577
Local improvement charges	161,258	161,125
Area rates	1,098,351	1,095,626
Sale of land in industrial parks	253,317	254,751
Water charges	435,912	421,883
	<u>\$ 2,739,818</u>	<u>\$ 2,676,962</u>

**9. Employee Benefits and Other Obligations**

The Municipality provides certain employee benefits that require funding in future periods. Under the personnel policies of the Municipality, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment. An actuarial valuation of the sick leave liability was done this fiscal year and has been recorded in the Consolidated Statement of Financial Position. The Municipality is also liable for vacation days earned by its employees as at March 31, but not taken until a later date. These liability amounts have been recorded in the expenditures of the Municipality in the current or prior year.

**10. Pension Plan**

The Municipality operates a defined benefit pension plan, which provides benefits to employees upon retirement. The most recent actuarial valuation was at December 31, 2010. On a going-concern basis, the value of accrued benefits, at December 31, 2010, exceeded the value of the plan assets by \$66,184. On a wind-up basis, the liabilities exceed the assets by \$2,205,242. As a result of the December 2010 Actuarial Review the Municipality made special payments into the plan during 2012/2013 of \$138,540 to fund the solvency deficit and \$6,735 to fund the going concern deficit. New regulations came into effect in January 2013 that allows the Municipality to cease making the special payments on the December 2010 solvency deficit. Annual special payments will be \$6,735 for the going concern deficit of the pension plan. The next Actuarial Review will be done as at December 31, 2013.

	<u>Estimated December 31, 2012</u>	<u>Estimated December 31, 2011</u>
Accrued Benefit Obligation	\$9,237,935	\$ 7,692,765
Fair Value Plan Asset	<u>6,780,149</u>	<u>5,840,195</u>
Funded Status - Plan Deficit	<u>\$(2,457,786)</u>	<u>\$(1,852,570)</u>

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2013

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The significant actuarial assumptions adopted measuring the Municipality's accrued benefit obligation as at December 31, 2012 were as follows:

Expected long-term rate of return on plan assets	6.25%
Rate of compensation increase	3.00%

All plan assets are held by various Standard Life Funds.

An actuarial valuation of the pension plan was performed for accounting purposes using the projected benefit method prorated on service. The unamortized actuarial loss is amortized over the expected average remaining service life ("EARSL") of the employee group.

Accrued benefit obligation, net of plan assets	\$2,457,786
Unamortized actuarial loss	<u>(2,118,578)</u>
Benefit liability recorded in the statement of financial position	<u>\$ 339,208</u>

During the year, the Municipality and employees contributed \$451,727 (including special payments) and \$168,516 respectively, to the plan. Benefit payments for the year totaled \$147,203.

Administrative fees paid during the 2012-2013 fiscal year totaled \$13,902.

**11. Solid Waste Management Facilities Liabilities**

The Municipality owns one landfill site for which the permit to operate expired December 31, 2005. As of March 31, 2007 the site has been capped in accordance with all applicable environmental regulations. The site, although not used as a residual waste disposal site, will continue to be used as a construction and demolition disposal site into the future. In addition the site has an organics and waste transfer facility in operation. East Hants waste has been shipped to a facility outside of its borders since Jan 1, 2006.

The liability of \$263,166 (2012 - \$230,892) is felt to approximate the present value of post closure costs of the site in accordance with current regulations and has been reported on the Consolidated Statement of Financial Position. Costs relating to the post closure of this site include cost for maintenance of sedimentation ponds and testing of the monitoring wells on the site for 30 years after closure. Closure/post closure costs include managements' best estimates of what those costs will be, based on input from engineers on staff. Some costs are projected at an inflation rate of .1%. All costs are discounted using a rate of 6%.

The liability for closure/post closure has been fully funded.

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2013

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12. Municipal Fund Balances

a) The current fund balance is comprised of the following:

	<u>2013</u>	<u>2012</u>
Services provided by area rates	\$ 52,295	\$ 52,295
Services provided by general fund	38,044	38,044
Long term liabilities issued to fund Hospital	(930,748)	(955,306)
Long term liabilities issued to fund East Hants Sportsplex	(3,261,032)	(3,381,288)
Unfunded pension liability	(339,208)	(171,731)
Landfill liability funded by reserves	(263,166)	(230,893)
	<u>(4,703,815)</u>	<u>(4,648,879)</u>
Water utility operation	1,116,311	1,198,102
	<u>\$ (3,587,504)</u>	<u>\$ (3,450,777)</u>

b) The investment in capital assets is comprised of the following:

	<u>2013</u>	<u>2012</u>
Tangible capital assets	\$ 74,916,723	\$ 71,522,463
Work in progress	174,595	833,137
Funds yet to be provided from long term debt	(2,869,210)	(1,651,868)
Long term liabilities capital	(23,005,984)	(23,282,432)
	<u>\$ 49,216,124</u>	<u>\$ 47,421,300</u>

c) Reserves and reserve funds set aside for specific purposes by Council or required by legislation are comprised of the following:

	<u>2013</u>	<u>2012</u>
Working funds	\$ 7,919,008	\$ 6,737,390
Replacement of equipment/assets	3,259,980	2,659,958
Landfill closure/post closure liability	263,166	230,892
	<u>\$ 11,442,154</u>	<u>\$ 9,628,240</u>



Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2013

d) Consolidated Accumulated Surplus:

	<u>2013</u>	<u>2012</u>
Current fund	(3,587,504)	(3,450,777)
Investment in capital assets	49,216,124	47,421,300
Reserve funds	11,442,154	9,628,240
	<u>\$ 57,070,774</u>	<u>\$ 53,598,763</u>

13. Taxation

	<u>2013</u>	<u>2012</u>
Taxation from real property	\$ 22,269,818	\$ 20,878,969
Less: Taxation collected to pay provincial mandatory education tax rate	(3,992,868)	(3,727,368)
Net taxes available for municipal purposes	<u>\$ 18,276,950</u>	<u>\$ 17,151,601</u>

14. Remuneration and Expenses Paid to Council Members and the CAO

Council	<u>Stipend/Salary</u>	<u>Expenses</u>	<u>Total</u>
Warden James D. Smith	\$ 26,699	\$ 1,382	\$ 28,081
Fred Bannister	11,272	425	11,697
Rosanne Bland	20,541	569	21,110
Cecil Dixon	7,883	732	8,615
Albert Flemming	7,883	612	8,495
Greg Grant	19,849	573	20,422
Wayne Greene	19,849	573	20,422
Eldon Hebb	21,871	1,364	23,235
John A. MacDonald	18,810	950	19,760
Pam MacInnis	11,069	733	11,802
Cyril McDonald	8,453	495	8,948
Norval Mitchell	19,156	1,771	20,927
John Patterson	24,075	4,942	29,017
Keith Rhyno	19,503	720	20,223
Eleanor Roulston	19,503	706	20,209
Willie Versteeg	21,055	(74)	20,981
Chief Administrative Officer	129,792	3,923	133,715
	<u>\$ 407,263</u>	<u>\$ 20,396</u>	<u>\$ 427,659</u>

15. **Commitments**

The Municipality has outstanding contractual obligations of approximately \$3,120,000 at March 31, 2013 for road and sidewalk construction. Council has authorized the financing of these obligations.

16. **Subsequent Events**

On May 15th, 2013 the Municipality entered into long-term debt in the amount of \$2,400,000 to finance the new addition of the Lloyd E. Matheson Centre. All debt was appropriately supported by approved temporary borrowing resolutions.

17. **Contingency**

The Municipality has guaranteed a loan on behalf of the Lantz Fire Department totaling \$322,460 (2012 - \$335,260).

18. **Comparative Figures**

Certain of the comparative figures have been reclassified to conform with current year financial statement presentation.

Municipality of the District of East Hants  
 Schedule of Current Fund Operations - Municipal Operations  
 Year Ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
<b>Revenue</b>			
Property taxes	\$ 22,167,787	\$ 22,269,818	\$ 20,878,969
Grants in lieu of taxes	164,630	188,970	163,989
Sale of services	1,046,978	857,989	999,705
Other revenue from own sources	1,061,235	1,262,695	1,141,201
Unconditional transfers from other governments	163,000	197,181	172,593
Conditional transfers from federal or provincial government agencies	121,167	188,526	129,419
Development and other contributions applied	125,483	-	-
Other transfers	400,000	400,000	400,000
	<u>25,250,280</u>	<u>25,365,179</u>	<u>23,885,876</u>
<b>Expenses</b>			
General government services	5,023,944	4,803,865	4,368,640
Protective services	6,303,229	6,225,614	5,851,494
Education and social services	3,997,507	3,992,868	3,727,368
Social services	58,372	53,132	51,560
Transportation services	1,037,317	971,271	1,187,482
Environmental health services	4,449,510	4,088,408	4,104,052
Environmental development services	1,514,785	1,136,202	1,168,625
Landfill closure/post closure costs	22,800	32,273	(17,130)
Recreation and cultural services	1,470,631	1,356,096	1,409,130
	<u>23,878,095</u>	<u>22,659,729</u>	<u>21,851,221</u>
<b>Net Revenue (Expenses)</b>	<u>1,372,185</u>	<u>2,705,450</u>	<u>2,034,655</u>
<b>Financing and Transfers</b>			
Debt principal repayment	1,292,480	1,238,428	1,194,370
Long term debt issued	-	-	(200,000)
Increase (decrease) in amounts to be recovered	-	(199,750)	(38,561)
Transfer to capital fund	124,100	450,846	40,500
Transfer to capital reserves	-	(11,475)	(15,092)
Transfer to operating reserves	(44,395)	1,227,401	1,053,438
	<u>1,372,185</u>	<u>2,705,450</u>	<u>2,034,655</u>
<b>Change in Fund Balance</b>	-	-	-
<b>Opening Fund Balance</b>	(4,648,879)	(4,648,879)	(4,547,500)
<b>Change in Long Term Debt</b>	-	144,814	(62,817)
<b>Change in Unfunded Pension Liability</b>	-	(167,477)	(55,691)
<b>Change in Landfill Liability</b>	-	(32,273)	17,129
<b>Closing Fund Balance (Note 12)</b>	<u>\$ (4,648,879)</u>	<u>\$ (4,703,815)</u>	<u>\$ (4,648,879)</u>

Municipality of the District of East Hants  
 Schedule of Current Fund Operations - Water Utility  
 Year Ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue	\$ 2,261,522	\$ 2,289,314	\$ 2,183,629
Expenses			
Operating	1,638,842	1,607,343	1,248,508
Interest on debt	253,100	253,078	254,023
Amortization expense	318,000	327,850	243,023
	<u>2,209,942</u>	<u>2,188,271</u>	<u>1,745,554</u>
Net Revenue	<u>51,580</u>	<u>101,043</u>	<u>438,075</u>
Transfers and Financing			
Principal debt payment	182,850	182,834	167,860
Transfer from Municipal Operating	(87,500)	-	-
Transfer to capital	-	-	18,103
	<u>95,350</u>	<u>182,834</u>	<u>185,963</u>
Change in Fund Balance	(43,770)	(81,791)	252,112
Opening Fund Balance	1,198,102	1,198,102	945,990
Closing Fund Balance (Note 12)	<u>\$ 1,154,332</u>	<u>\$ 1,116,311</u>	<u>\$ 1,198,102</u>

Municipality of the District of East Hants  
 Schedule of Capital Fund Operations - Municipal Operations  
 Year Ended March 31, 2013

	2013	2012
<b>Revenue</b>		
Government grants	\$ 1,151,878	\$ 1,661,608
Development and other contributions applied	1,016,850	267,821
	<u>2,168,728</u>	<u>1,929,429</u>
<b>Expenses</b>		
General government services	244,456	282,740
Protective services	44,351	3,006
Transportation services	763,065	701,029
Environmental health services	743,442	688,611
Environmental development services	(225,276)	(45,054)
Recreation and cultural services	49,291	43,715
	<u>1,619,329</u>	<u>1,674,047</u>
<b>Net Revenue</b>	<b>549,399</b>	<b>255,382</b>
<b>Financing and Transfers</b>		
Principal payments	(1,276,448)	(1,225,047)
Transfers from reserves	481,869	(3,142,509)
Transfers from operations	(450,846)	(58,603)
	<u>(1,245,425)</u>	<u>(4,426,159)</u>
<b>Increase (Decrease) in Fund Balance</b>	<b>1,794,824</b>	<b>4,681,541</b>
<b>Opening Fund Balance</b>	<b>47,421,300</b>	<b>42,739,759</b>
<b>Closing Fund Balance (Note 12)</b>	<u><u>\$ 49,216,124</u></u>	<u><u>\$ 47,421,300</u></u>

Municipality of the District of East Hants  
 Schedule of Reserve Operations  
 Year Ended March 31, 2013

	2013	2012
<b>Revenue</b>		
Investment income	\$ 116,119	\$ 142,740
<b>Net Transfers From/To Other Funds</b>		
Transfers from Current Fund	(1,215,926)	(1,038,346)
Transfers to Capital Fund	(481,869)	3,142,509
	<u>(1,697,795)</u>	<u>2,104,163</u>
<b>Net Change in Reserve Funds</b>	1,813,914	(1,961,423)
<b>Opening Reserve Fund Balance</b>	9,628,240	11,589,663
<b>Closing Reserve Fund Balance (Note 12)</b>	<u>\$ 11,442,154</u>	<u>\$ 9,628,240</u>
<b>Analyzed as follows:</b>		
Reserves set aside for specific purposes		
Operating contingencies/surplus	\$ 1,442,017	\$ 909,591
Solid waste diversion operations	84,221	46,520
General government	710,324	707,406
Solid waste management facilities/equipment/operations	1,243,713	1,172,494
Office equipment	252,447	188,447
Computer hardware/software	223,352	206,519
Pool building and equipment	590,215	525,215
Transportation and equipment	600,796	474,044
Recreation and leisure	29,729	24,729
Emergency measures	144,899	118,669
Passenger vehicles	124,750	104,750
Tax sale surplus	15,586	15,586
Gas tax excess	41,516	86,217
Lloyd Matheson Centre	80,000	60,000
Industrial park land development from sales	555,371	164,841
Landfill closure/post closure costs	263,166	230,892
District beautification funds	17,876	28,920
Emergency grant fund - fire departments	208,726	168,246
Tourism grant fund/capital	92,726	82,079
District recreation grant fund	56,310	48,830
Rural economic development fund	182,787	177,287
Urban Service Rate contingencies/surplus	856,111	820,867
Lights other surplus	111,868	42,746
Lights communities	122,847	168,720
Corridor fire protection system	1,203,773	1,194,577
Sewer system	533,966	520,714
Sidewalks excess debenture/operations	305,852	265,666
East Hants water system	1,347,210	1,073,668
	<u>\$ 11,442,154</u>	<u>\$ 9,628,240</u>

Municipality of the District of East Hants

Reconciliation of the Financial Plan to the PSAB Budget

Year Ended March 31, 2013

	Financial Plan General	Financial Plan Utility	Amortization (TCA)	Financial Plan Capital	Transfers Reserves	Debt Charges Principal	PSAB Budget
<b>REVENUE</b>							
Taxes	\$ 22,167,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,167,787
Water utility	-	2,261,522	-	-	-	-	2,261,522
Grants in lieu of taxes	164,630	-	-	-	-	-	164,630
Sale of services	1,046,978	-	-	-	-	-	1,046,978
Other revenue from own sources	1,061,235	-	-	-	142,740	-	1,203,975
Unconditional transfers from other	163,000	-	-	-	-	-	163,000
Conditional transfers from government	121,167	-	-	-	-	-	121,167
Government grants	-	-	-	1,374,533	-	-	1,374,533
Development and other contributions applied	125,483	-	-	1,016,850	-	-	1,142,333
Other transfers	400,000	-	-	-	-	-	400,000
Long term debt issued	-	-	-	-	-	-	-
Transfers from reserves (capital/operating)	44,395	87,500	-	-	(131,895)	-	-
<b>Total revenue</b>	<b>25,294,675</b>	<b>2,349,022</b>	<b>-</b>	<b>2,391,383</b>	<b>10,845</b>	<b>-</b>	<b>30,045,925</b>
<b>EXPENSES</b>							
General government services	5,023,944	-	263,115	-	-	-	5,287,059
Protective services	6,303,229	-	37,351	-	-	-	6,340,580
Education services	3,997,507	-	-	-	-	-	3,997,507
Social Services	58,372	-	-	-	-	-	58,372
Transportation services	1,037,317	-	763,065	-	-	-	1,800,382
Environmental health services	4,449,510	-	714,951	-	-	-	5,164,461
Water utility	-	2,209,942	-	-	-	-	2,209,942
Environmental development services	1,514,785	-	113,082	-	-	-	1,627,867
Landfill closure/post closure costs	22,800	-	-	-	-	-	22,800
Recreation and cultural services	1,470,631	-	49,291	-	-	-	1,519,922
Transfer to capital	124,100	-	-	-	(124,100)	-	-
Debt charges - principal payment	1,292,480	182,850	-	(1,330,470)	-	(144,860)	-
Transfer to reserves (capital/operating)	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>25,294,675</b>	<b>2,392,792</b>	<b>1,940,855</b>	<b>(1,330,470)</b>	<b>(124,100)</b>	<b>(144,860)</b>	<b>28,028,892</b>
<b>Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ (43,770)</b>	<b>\$ (1,940,855)</b>	<b>\$ 3,721,853</b>	<b>\$ 134,945</b>	<b>\$ 144,860</b>	<b>\$ 2,017,033</b>

Municipality of the District of East Hants  
Consolidated Schedule of Operations by Function  
Year Ended March 31, 2013

	General Government	Protective Services	Transportation Services	Env. Health Services	Env. Developmnt Services	Other
<b>REVENUE</b>						
Property taxes	\$ 17,836,508	\$ 2,023,165	\$ 45,217	\$ 2,098,708	\$ -	\$ -
Grants in lieu of taxes	178,605	-	-	10,365	-	-
Sale of services	293,417	-	-	386,015	19,197	-
Other revenue from own sources	985,141	153,338	-	89,416	6,541	116,119
Unconditional transfers from other governments	105,047	-	-	92,134	-	-
Conditional transfers from federal or provincial government	-	-	-	152,083	3,885	-
Government grants	-	-	-	-	-	1,151,878
Development and other contributions applied	-	-	-	-	-	1,016,850
Other transfers	-	-	-	400,000	-	-
Gain on sale of TCA	18,659	-	-	-	338,358	-
Water utility	-	-	-	-	-	-
<b>Total revenue</b>	<b>19,417,377</b>	<b>2,176,503</b>	<b>45,217</b>	<b>3,228,721</b>	<b>367,981</b>	<b>2,284,847</b>
<b>EXPENSES</b>						
Salaries, wages and benefits	2,201,303	257,338	-	1,014,967	693,998	-
Operating costs	2,350,702	5,941,644	620,494	2,941,193	332,334	4,046,000
Amortization	263,115	37,351	763,065	714,951	113,082	-
Interest on long term debt	251,860	26,632	350,777	164,521	109,870	-
Loss on sale of TCA	-	7,000	-	28,491	-	-
<b>Total expenses</b>	<b>5,066,980</b>	<b>6,269,965</b>	<b>1,734,336</b>	<b>4,864,123</b>	<b>1,249,284</b>	<b>4,046,000</b>
<b>Surplus (Deficit)</b>	<b>\$ 14,350,397</b>	<b>\$ (4,093,462)</b>	<b>\$ (1,689,119)</b>	<b>\$ (1,635,402)</b>	<b>\$ (881,303)</b>	<b>\$ (1,761,153)</b>

\* General government includes revenues and expenses that cannot be attributed to a particular sector.



Municipality of the District of East Hants  
Consolidated Schedule of Operations by Function  
Year Ended March 31, 2013

	Recreation and Cultural Services	Water Utility	2013 Total	2012 Total
<b>REVENUE</b>				
Property taxes	\$ 266,220	\$ -	\$ 22,269,818	\$ 20,878,969
Grants in lieu of taxes	-	-	188,970	163,989
Sale of services	159,360	-	857,989	999,705
Other revenue from own sources	28,259	-	1,378,814	1,283,941
Unconditional transfers from other governments	-	-	197,181	172,593
Conditional transfers from federal or provincial government	32,558	-	188,526	129,419
Government grants	-	-	1,151,878	1,661,608
Development and other contributions applied	-	-	1,016,850	267,821
Other transfers	-	-	400,000	400,000
Gain on sale of TCA	-	-	357,017	148,215
Water utility	-	2,289,314	2,289,314	2,183,629
<b>Total revenue</b>	<b>486,397</b>	<b>2,289,314</b>	<b>30,296,357</b>	<b>28,289,889</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	574,018	599,567	5,341,191	5,477,952
Operating costs	633,060	1,007,776	17,873,203	16,561,069
Amortization	49,291	327,850	2,268,705	1,999,903
Interest on long term debt	149,018	253,078	1,305,756	1,314,732
Loss on sale of TCA	-	-	35,491	65,382
<b>Total expenses</b>	<b>1,405,387</b>	<b>2,188,271</b>	<b>26,824,346</b>	<b>25,419,038</b>
<b>Surplus (Deficit)</b>	<b>\$ (918,990)</b>	<b>\$ 101,043</b>	<b>\$ 3,472,011</b>	<b>\$ 2,870,851</b>