

**MUNICIPALITY OF THE  
DISTRICT OF EAST HANTS**

**FINANCIAL REPORT**

March 31, 2014



**EAST HANTS**  
**We live it!**

	<u>Page</u>
Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Changes in Net Debt	3
Consolidated Statement of Cash Flow	4
Notes to the Consolidated Financial Statements	5-15
Schedule of Current Fund Operations - Municipal Operations	16
Schedule of Current Fund Operations - Water Utility	17
Schedule of Capital Fund Operations - Municipal Operations	18
Schedule of Reserve Operations	19
Reconciliation of the Financial Plan to the Budget	20
Consolidated Schedule of Operations by Function	21-22



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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 position as at March 31, 2014, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

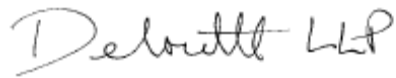
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 financial statements present fairly, in all material respects, the consolidated financial position of the Municipality of the District of East Hants as at March 31, 2014, and the results of its operations, net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Accountants  
July 23, 2014  
Halifax, Nova Scotia

Municipality of the District of East Hants  
 Consolidated Statement of Financial Position  
 As at March 31, 2014

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 18,220,897	\$ 13,182,913
Taxes and rates receivable (Note 3)	2,145,829	2,095,570
Accounts receivable (Note 4)	988,018	1,691,460
	<u>21,354,744</u>	<u>16,969,943</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	3,600,289	3,230,639
Deferred revenue - general	1,340,182	1,390,208
Deferred revenue - obligatory reserve (Note 6)	2,959,874	2,756,533
Employee benefits and other obligations (Note 9)	318,904	246,046
Tax sale surplus	180,532	180,532
Net long term liabilities (Note 8)	29,974,578	27,520,224
	<u>38,374,359</u>	<u>35,324,182</u>
<b>NET DEBT</b>	<u>(17,019,615)</u>	<u>(18,354,239)</u>
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (Note 1)	75,482,006	74,916,723
Work in progress (Note 1)	287,682	174,595
Inventory and prepaid expenses	258,359	333,695
	<u>76,028,047</u>	<u>75,425,013</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>\$ 59,008,432</u>	<u>\$ 57,070,774</u>

Contingency (Note 16)

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

.....Warden

*Concetta*  
 .....Clerk

Municipality of the District of East Hants  
Consolidated Statement of Operations  
Year Ended March 31, 2014

	2014 Budget Unaudited (Note 1)	2014 Actual	2013 Actual
<b>Revenues</b>			
Property taxes (Note 13)	\$ 23,245,331	\$ 23,089,604	\$ 22,269,818
Grants in lieu of taxes	159,245	178,295	188,970
Sale of services	994,660	824,547	857,989
Other revenue from own sources	611,137	817,833	862,569
Unconditional transfers from other governments	177,000	185,268	197,181
Conditional transfers from federal or provincial government	87,434	188,487	188,526
Government grants	1,406,033	1,100,512	1,151,878
Development and other contributions applied	125,483	15,600	1,016,850
Water utility	1,774,450	1,680,843	1,772,417
<b>Total Revenues</b>	<b>28,580,773</b>	<b>28,080,989</b>	<b>28,506,198</b>
<b>Expenses</b>			
General government services	5,380,060	5,321,797	4,789,407
Protective services	6,115,047	5,886,130	5,753,068
Education services (Note 13)	4,250,345	4,250,340	3,992,868
Social services	59,540	63,769	53,132
Transportation services	1,870,357	1,954,157	1,734,336
Environmental health services	4,719,113	4,319,379	4,359,216
Environmental development services	1,506,309	1,052,606	910,926
Landfill closure/post closure costs	-	9,559	32,273
Recreation and cultural services	1,464,336	1,323,137	1,301,896
Water utility	2,277,697	1,962,457	2,107,065
<b>Total Expenses</b>	<b>27,642,804</b>	<b>26,143,331</b>	<b>25,034,187</b>
<b>Annual Surplus</b>	<b>937,969</b>	<b>1,937,658</b>	<b>3,472,011</b>
<b>Accumulated Surplus, Beginning of Year</b>	<b>57,070,774</b>	<b>57,070,774</b>	<b>53,598,763</b>
<b>Accumulated Surplus, End of Year</b>	<b>\$ 58,008,743</b>	<b>\$ 59,008,432</b>	<b>\$ 57,070,774</b>

Municipality of the District of East Hants  
Consolidated Statement of Changes in Net Debt  
Year Ended March 31, 2014

	2014 Budget (Note 1)	2014 Actual	2013 Actual
<b>Annual Surplus</b>	<b>\$ 937,969</b>	<b>\$ 1,937,658</b>	<b>\$ 3,472,011</b>
<b>Tangible Capital Assets</b>			
Acquisition of tangible capital assets	(5,671,771)	(3,822,147)	(5,153,527)
Amortization of tangible capital assets	2,415,610	2,415,610	2,268,705
Loss (gain) on sale of tangible capital assets	-	163,214	(321,526)
Proceeds on sale of tangible capital assets	-	564,953	470,630
	<u>(3,256,161)</u>	<u>(678,370)</u>	<u>(2,735,718)</u>
<b>Other Non-Financial Assets</b>			
Decrease (Increase) in inventory and prepaid expenses	-	75,336	(138,185)
<b>Decrease (Increase) in Net Debt</b>	<b>(2,318,192)</b>	<b>1,334,624</b>	<b>598,108</b>
<b>Net Debt, Beginning of Year</b>	<b>(18,354,239)</b>	<b>(18,354,239)</b>	<b>(18,952,347)</b>
<b>Net Debt, End of Year</b>	<b>\$ (20,672,431)</b>	<b>\$ (17,019,615)</b>	<b>\$ (18,354,239)</b>

Municipality of the District of East Hants  
Consolidated Statement of Cash Flow  
Year Ended March 31, 2014

	2014	2013
<b>Operations</b>		
Annual surplus	\$ 1,937,658	\$ 3,472,011
Add amortization of tangible capital assets	2,415,610	2,268,705
	<u>4,353,268</u>	<u>5,740,716</u>
<b>Changes in Non-Cash Assets and Liabilities</b>		
Decrease in accounts receivable	703,442	358,617
(Increase) decrease in taxes receivable	(50,259)	163,504
Increase (Decrease) in accounts payable and accruals	369,650	(81,685)
Increase in tax sale surplus	-	19,089
Increase (decrease) in deferred revenue	153,315	(60,837)
(Decrease) increase in employee benefits/other obligations	72,858	(33,264)
Decrease (increase) in inventory and prepaid expenses	75,336	(138,185)
	<u>1,324,342</u>	<u>227,239</u>
<b>Net Change in Cash From Operations</b>	<u>5,677,610</u>	<u>5,967,955</u>
<b>Financing Activities</b>		
Long term debt issued	4,000,000	1,000,000
Short term debt issued (retired)	-	(1,500,000)
Long term debt retired	(1,545,646)	(1,434,062)
	<u>2,454,354</u>	<u>(1,934,062)</u>
<b>Capital Activities</b>		
Additions to tangible capital assets	(3,709,060)	(5,812,069)
Decrease (increase) in work in progress	(113,087)	658,542
(Gain) loss on sale of tangible capital assets	163,214	(321,526)
Proceeds on sale of tangible capital assets	564,953	470,630
	<u>(3,093,980)</u>	<u>(5,004,423)</u>
<b>Increase in Cash Position</b>	<u>5,037,984</u>	<u>(970,530)</u>
<b>Cash Position, Beginning of Year</b>	<u>13,182,913</u>	<u>14,153,443</u>
<b>Cash Position, End of Year</b>	<u>\$ 18,220,897</u>	<u>\$ 13,182,913</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 and balances between these entities and organizations are 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 recognized using the accrual method of accounting.

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	2014 TOTAL	2013 TOTAL
	Land	Buildings	Machinery & Equipment	Vehicles	Engineered Structures	Industrial Parks	Water Utilities			
<b>Cost</b>										
Opening 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
Additions during year	12,113	28,684	291,221	68,059	1,189,024	2,032,888	87,071	113,087	3,822,147	5,153,527
Disposals & Write downs	(82,502)	(1,058,039)	(151,201)	(62,438)	-	-	-	-	(1,354,180)	(216,908)
Closing Costs	2,228,457	11,620,336	2,490,208	224,630	54,632,917	6,228,268	22,730,311	287,682	100,442,809	97,974,842
<b>Accumulated Amortization</b>										
Opening Accum. Amortization	N/A	2,828,899	1,255,487	59,693	13,965,560	821,480	3,952,405	-	22,883,524	20,682,623
Amortization in Year	N/A	323,078	211,037	26,643	1,413,646	113,082	328,124	-	2,415,610	2,268,705
Adj/Disposals - Accum Amort	N/A	(494,061)	(99,514)	(32,438)	-	-	-	-	(626,013)	(67,804)
Acc Amort - End of Year	-	2,657,916	1,367,010	53,898	15,379,206	934,562	4,280,529	-	24,673,121	22,883,524
<b>Net Book Value</b>	2,228,457	8,962,420	1,123,198	170,732	39,253,711	5,293,706	18,449,782	287,682	75,769,688	75,091,318

**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**

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.

**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 is reported as 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 2014 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 statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2014

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2. Cash

Cash is comprised of:

	<u>2014</u>	<u>2013</u>
Bank	\$ 15,730,773	\$ 10,925,380
Restricted cash (obligatory reserve funds)	2,490,124	2,257,533
	<u>\$ 18,220,897</u>	<u>\$ 13,182,913</u>

Administered bank accounts

The Municipality administers bank accounts for the 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 \$27,427 (2013 - \$12,971), representing a staff estimate of uncollectible accounts.

4. Accounts Receivable

The balance for accounts receivable on the consolidated Statement of Financial Position totaled \$988,018 (2013 - \$1,691,460). The balance is comprised of the following:

	<u>2014</u>	<u>2013</u>
Amounts due from provincial/federal government	\$ 174,551	\$ 796,973
Loan to Lantz fire department	316,083	329,798
Other	497,384	564,689
	<u>\$ 988,018</u>	<u>\$ 1,691,460</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, 2014

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5. Accounts Payable and Accrued Liabilities

	<u>2014</u>	<u>2013</u>
Liability for closure/post closure costs - landfill	\$ 272,723	\$ 263,166
Liability for unamortized pension loss	550,926	339,208
Other payables and accruals	2,776,640	2,628,265
	<u>\$ 3,600,289</u>	<u>\$ 3,230,639</u>

6. Deferred Revenue - Obligatory Reserve

	<u>2014</u>	<u>2013</u>
Developer charges - sewer	\$ 2,111,370	\$ 2,005,439
Developer charges - water	834,032	736,794
Green space contributions	14,472	14,300
	<u>\$ 2,959,874</u>	<u>\$ 2,756,533</u>

7. Continuity of Obligatory Reserve Funds

	<u>2014</u>	<u>2013</u>
Balance at the beginning of year	\$ 2,756,533	\$ 2,649,569
Development charges billed - sewer	100,132	34,597
Development charges billed - water	91,132	46,596
Interest on reserve balance	27,677	25,771
Transfer - Sewer Capacity Study	(15,600)	-
	<u>\$ 2,959,874</u>	<u>\$ 2,756,533</u>

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2014

**8. Net Long Term Liabilities**

- a) Of the \$29,974,578 long-term debt (2013 - \$27,520,224) certain payments represent a burden on general Municipal Revenues, as they are to be recovered in future years from other sources.

	<u>2014</u>	<u>2013</u>
General revenues	\$ 3,312,610	\$ 3,571,333
Local improvement charges	388,978	529,696
Area rates	11,040,065	11,649,790
Sale of land in Industrial Parks	3,350,103	1,939,403
Water charges	5,142,578	5,332,168
Tenants rent	6,431,244	4,175,374
Loan to Lantz fire department	309,000	322,460
	<u>\$ 29,974,578</u>	<u>\$ 27,520,224</u>

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

	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
General Government	\$ 86,471	\$ 89,684	\$ 18,200	\$ 19,400	\$ 310,700
Transportation	544,526	495,837	454,115	461,071	734,278
Environmental Developpr	261,767	188,069	190,143	192,419	251,251
Environmental Health	145,411	152,486	107,778	231,981	89,351
Sewers	80,082	83,178	86,568	90,266	94,253
Recreation	146,994	152,574	137,032	142,821	149,162
Buildings	210,790	219,750	229,250	239,290	249,960
Water Utilities	196,708	204,210	212,114	220,424	229,162
Hospital	26,516	27,549	28,749	30,016	31,356
Lantz Fire Department	14,150	14,880	15,650	16,455	17,300
Fire Dept Equipment	7,498	7,735	8,000	8,298	8,627
Total:	<u>\$ 1,720,913</u>	<u>\$ 1,635,952</u>	<u>\$ 1,487,599</u>	<u>\$ 1,652,441</u>	<u>\$ 2,165,400</u>

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

	<u>2014</u>	<u>2013</u>
Principal	\$ 1,545,646	\$ 1,434,062
Interest	1,319,572	1,305,756
	<u>\$ 2,865,218</u>	<u>\$ 2,739,818</u>

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2014

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

	<u>2014</u>	<u>2013</u>
General revenues	\$ 892,241	\$ 790,980
Local improvement charges	161,163	161,258
Area rates	1,091,166	1,098,351
Sale of land in industrial parks	286,052	253,317
Water charges	434,596	435,912
	<u>\$ 2,865,218</u>	<u>\$ 2,739,818</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 and is currently a work in progress.

	<u>Estimated December 31, 2013</u>	<u>Estimated December 31, 2012</u>
Accrued Benefit Obligation	\$8,960,012	\$ 9,237,935
Fair Value Plan Asset	<u>8,190,408</u>	<u>6,780,149</u>
Funded Status - Plan Deficit	<u>\$(769,604)</u>	<u>\$(2,457,786)</u>

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2014

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The significant actuarial assumptions adopted measuring the Municipality's accrued benefit obligation as at December 31, 2013 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	\$769,604
Unamortized actuarial loss	<u>(218,678)</u>
Benefit liability recorded in the statement of financial position	<u>\$550,926</u>

During the year, the Municipality and employees contributed \$334,082 (including special payments) and \$188,993 respectively, to the plan. Benefit payments for the year totaled \$219,028.

Administrative fees paid during the 2013-2014 fiscal year totaled \$13,973.

**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 January 1, 2006.

The liability of \$272,723 (2012 - \$263,166) 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, 2014

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12. Municipal Fund Balances

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

	<u>2014</u>	<u>2013</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	(905,304)	(930,748)
Long term liabilities issued to fund East Hants Sportsplex	(3,137,885)	(3,261,032)
Unfunded pension liability	(550,926)	(339,208)
Landfill liability funded by reserves	(272,723)	(263,166)
	<u>(4,776,499)</u>	<u>(4,703,815)</u>
Water utility operation	1,107,443	1,116,311
	<u>\$ (3,669,056)</u>	<u>\$ (3,587,504)</u>

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

	<u>2014</u>	<u>2013</u>
Tangible capital assets	\$ 75,482,006	\$ 74,916,723
Work in progress	287,682	174,595
Funds yet to be provided from long term debt	(459,280)	(2,869,210)
Long term liabilities capital	(25,622,392)	(23,005,984)
	<u>\$ 49,688,016</u>	<u>\$ 49,216,124</u>

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

	<u>2014</u>	<u>2013</u>
Working funds	\$ 8,862,981	\$ 7,919,008
Replacement of equipment/assets	3,853,768	3,259,980
Landfill closure/post closure liability	272,723	263,166
	<u>\$ 12,989,472</u>	<u>\$ 11,442,154</u>

Municipality of the District of East Hants  
Notes to the Consolidated Financial Statements  
Year Ended March 31, 2014

d) Consolidated Accumulated Surplus:

	<u>2014</u>	<u>2013</u>
Current fund	(3,669,056)	(3,587,504)
Investment in capital assets	49,688,016	49,216,124
Reserve funds	12,989,472	11,442,154
	<u>\$ 59,008,432</u>	<u>\$ 57,070,774</u>

13. Taxation

	<u>2014</u>	<u>2013</u>
Taxation from real property	\$ 23,089,604	\$ 22,269,818
Less: Taxation collected to pay provincial mandatory education tax rate	(4,250,340)	(3,992,868)
Net taxes available for municipal purposes	<u>\$ 18,839,264</u>	<u>\$ 18,276,950</u>

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

	<u>Stipend/Salary</u>	<u>Expenses</u>	<u>Total</u>
<b>Council</b>			
Warden James D. Smith	\$ 38,235	\$ 5,188	\$ 43,423
Rosanne Bland	20,952	787	21,739
Cecil Dixon	19,538	3,385	22,923
Albert Flemming	19,538	5,061	24,599
Greg Grant	20,246	559	20,805
Wayne Greene	20,246	677	20,923
Eldon Hebb	19,538	1,572	21,110
John A. MacDonald	20,997	515	21,512
Cyril McDonald	20,952	1,893	22,845
Norval Mitchell	19,539	1,347	20,886
Keith Rhyno	19,893	722	20,615
Eleanor Roulston	19,893	3,165	23,058
Willy Versteeg	23,159	2,094	25,253
Chief Administrative Officer	134,984	1,134	136,118
	<u>\$ 417,710</u>	<u>\$ 28,099</u>	<u>\$ 445,809</u>

**15. Subsequent Events**

The Municipality has tentatively entered into an agreement to construct a new RCMP Office in Rawdon with a construction cost of \$750,000.

**16. Contingency**

The Municipality has guaranteed a loan on behalf of the Lantz Fire Department totaling \$309,000 (2013 - \$322,460).

**17. Comparative Figures**

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

**18. Restatement**

The comparative amounts for the year ended March 31, 2013 have been restated to reflect the interdepartmental revenues and expenses that were not eliminated in the financial statements of the Municipality. As a result of the restatement, total revenues and total expenses decreased by \$1,433,142 from the balances previously reported in the Consolidated Statement of Operations for the year ended March 31, 2013, as follows:

Revenues:

Other revenue from own sources	\$	(516,245)
Other transfers		(400,000)
Water utility		(516,897)
	\$	<u>(1,433,142)</u>

Expenses:

General government services	\$	(258,914)
Protective services		(516,897)
Environmental health services		(472,634)
Recreation & cultural services		(103,491)
Water utility		(81,206)
	\$	<u>(1,433,142)</u>

The restatement also impacted the Consolidated Schedule of Operations by Function for the year ended March 31, 2013. The restatement did not have an impact on the Consolidated Statements of Financial Position, Changes in Net Debt and Cash Flow.

Municipality of the District of East Hants  
Schedule of Current Fund Operations - Municipal Operations  
Year Ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>Revenue</b>			
Property taxes	\$ 23,245,331	\$ 23,089,604	\$ 22,269,818
Grants in lieu of taxes	159,245	178,295	188,970
Sale of services	994,660	824,547	857,989
Other revenue from own sources	1,325,295	1,359,388	1,262,695
Unconditional transfers from other governments	177,000	185,268	197,181
Conditional transfers from federal or provincial government agencies	87,434	188,487	188,526
Development and other contributions applied	125,483	15,600	-
Other transfers	400,000	400,000	400,000
	<u>26,514,448</u>	<u>26,241,189</u>	<u>25,365,179</u>
<b>Expenses</b>			
General government services	5,465,510	5,060,591	4,803,865
Protective services	6,590,575	6,387,322	6,225,614
Education	4,250,345	4,250,340	3,992,868
Social services	59,540	63,769	53,132
Transportation services	1,033,656	1,117,456	971,271
Environmental health services	4,495,108	4,073,810	4,088,408
Environmental development services	1,393,227	1,138,400	1,136,202
Landfill closure/post closure costs	-	9,559	32,273
Recreation and cultural services	1,511,388	1,373,404	1,356,096
	<u>24,799,349</u>	<u>23,474,651</u>	<u>22,659,729</u>
<b>Net Revenue (Expenses)</b>	<u>1,715,099</u>	<u>2,766,538</u>	<u>2,705,450</u>
<b>Financing and Transfers</b>			
Debt principal repayment	1,356,104	1,342,595	1,238,428
Increase (decrease) in amounts to be recovered	-	(221,277)	(199,750)
Transfer to capital fund	139,000	328,746	450,846
Transfer to capital reserves	(15,092)	(12,317)	(11,475)
Transfer to operating reserves	235,087	1,328,791	1,227,401
	<u>1,715,099</u>	<u>2,766,538</u>	<u>2,705,450</u>
<b>Change in Fund Balance</b>	-	-	-
<b>Opening Fund Balance</b>	(4,703,815)	(4,703,815)	(4,648,879)
<b>Change in Long Term Debt</b>	-	148,591	144,814
<b>Change in Unfunded Pension Liability</b>	-	(211,718)	(167,477)
<b>Change in Landfill Liability</b>	-	(9,557)	(32,273)
<b>Closing Fund Balance (Note 12)</b>	<u>\$ (4,703,815)</u>	<u>\$ (4,776,499)</u>	<u>\$ (4,703,815)</u>

Municipality of the District of East Hants  
 Schedule of Current Fund Operations - Water Utility  
 Year Ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Revenue	\$ 2,291,347	\$ 2,223,404	\$ 2,289,314
Expenses			
Operating	1,816,184	1,469,551	1,607,343
Interest on debt	245,010	245,006	253,078
Amortization expense	325,830	328,124	327,850
	<u>2,387,024</u>	<u>2,042,681</u>	<u>2,188,271</u>
Net Revenue	<u>(95,677)</u>	<u>180,723</u>	<u>101,043</u>
Transfers and Financing			
Principal debt payment	189,600	189,591	182,834
Transfer from Municipal Operating	(175,000)	-	-
	<u>14,600</u>	<u>189,591</u>	<u>182,834</u>
Change in Fund Balance	(110,277)	(8,868)	(81,791)
Opening Fund Balance	1,116,311	1,116,311	1,198,102
Closing Fund Balance (Note 12)	<u>\$ 1,006,034</u>	<u>\$ 1,107,443</u>	<u>\$ 1,116,311</u>

Municipality of the District of East Hants  
 Schedule of Capital Fund Operations - Municipal Operations  
 Year Ended March 31, 2014

	2014	2013
<b>Revenue</b>		
Government grants	\$ 52,627	\$ 98,900
Development and other contributions applied	-	1,016,850
	<u>52,627</u>	<u>1,115,750</u>
<b>Expenses</b>		
General government services	690,523	244,456
Protective services	41,369	44,351
Transportation services	836,700	763,065
Environmental health services	718,609	743,442
Environmental development services	(85,794)	(225,276)
Recreation and cultural services	49,291	49,291
	<u>2,250,698</u>	<u>1,619,329</u>
<b>Net Revenue</b>	<b>(2,198,071)</b>	<b>(503,579)</b>
<b>Financing and Transfers</b>		
Principal payments	(1,383,592)	(1,276,448)
Transfers from reserves	(957,625)	(571,109)
Transfers from operations	(328,746)	(450,846)
	<u>(2,669,963)</u>	<u>(2,298,403)</u>
<b>Increase (Decrease) in Fund Balance</b>	<b>471,892</b>	<b>1,794,824</b>
<b>Opening Fund Balance</b>	<b>49,216,124</b>	<b>47,421,300</b>
<b>Closing Fund Balance (Note 12)</b>	<b><u>\$ 49,688,016</u></b>	<b><u>\$ 49,216,124</u></b>

Municipality of the District of East Hants  
 Schedule of Reserve Operations  
 Year Ended March 31, 2014

	2014	2013
<b>Revenue</b>		
Investment income	\$ 140,584	\$ 116,119
Government grants	1,047,885	1,052,978
	<u>1,188,469</u>	<u>1,169,097</u>
<b>Net Transfers From/To Other Funds</b>		
Transfers from Current Fund	(1,316,474)	(1,215,926)
Transfers to Capital Fund	957,625	571,109
	<u>(358,849)</u>	<u>(644,817)</u>
<b>Net Change in Reserve Funds</b>	<b>1,547,318</b>	<b>1,813,914</b>
<b>Opening Reserve Fund Balance</b>	<b>11,442,154</b>	<b>9,628,240</b>
<b>Closing Reserve Fund Balance (Note 12)</b>	<b>\$ 12,989,472</b>	<b>\$ 11,442,154</b>
<b>Analyzed as follows:</b>		
Reserves set aside for specific purposes		
Operating contingencies/surplus	\$ 1,921,780	\$ 1,442,017
Solid waste diversion operations	92,921	84,221
General government	922,446	710,324
Solid waste management facilities/equipment/operations	1,112,040	1,243,713
Office equipment	362,272	252,447
Computer hardware/software	303,352	223,352
Pool building and equipment	655,215	590,215
Transportation and equipment	714,506	600,796
Recreation and leisure	30,376	29,729
Emergency measures	164,899	144,899
Passenger vehicles	144,750	124,750
Tax sale surplus	15,586	15,586
Gas tax excess	192,940	41,516
Lloyd Matheson Centre	100,000	80,000
Industrial park land development from sales	628,170	555,371
Landfill closure/post closure costs	272,723	263,166
District beautification funds	23,594	17,876
Emergency grant fund - fire departments	263,698	208,726
Tourism grant fund/capital	112,079	92,726
District recreation grant fund	85,189	56,310
Rural economic development fund	182,787	182,787
Urban Service Rate contingencies/surplus	993,228	856,111
Lights other surplus	113,872	111,868
Lights communities	104,525	122,847
Corridor fire protection system	1,217,333	1,203,773
Sewer system	337,035	533,966
Sidewalks excess debenture/operations	317,964	305,852
East Hants water system	1,604,192	1,347,210
	<u>\$ 12,989,472</u>	<u>\$ 11,442,154</u>

Municipality of the District of East Hants

Reconciliation of the Financial Plan to the PSAB Budget

Year Ended March 31, 2014

	Financial Plan General	Financial Plan Utility	Amortization (TCA)	Financial Plan Capital	Transfers Reserves	Debt Charges Principal	Elimination Entries	PSAB Budget
<b>REVENUE</b>								
Taxes	\$ 23,245,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,245,331
Water utility	-	2,291,347	-	-	-	-	(516,897)	1,774,450
Grants in lieu of taxes	159,245	-	-	-	-	-	-	159,245
Sale of services	994,660	-	-	-	-	-	-	994,660
Other revenue from own sources	1,325,295	-	-	-	-	-	(714,158)	611,137
Unconditional transfers from other	177,000	-	-	-	-	-	-	177,000
Conditional transfers from government	87,434	-	-	-	-	-	-	87,434
Government grants	-	-	-	1,406,033	-	-	-	1,406,033
Development and other contributions applied	125,483	-	-	-	-	-	-	125,483
Other transfers	400,000	-	-	-	-	-	(400,000)	-
Transfers from reserves (capital/operating)	-	175,000	-	-	(175,000)	-	-	-
<b>Total revenue</b>	<b>26,514,448</b>	<b>2,466,347</b>	<b>-</b>	<b>1,406,033</b>	<b>(175,000)</b>	<b>-</b>	<b>(1,631,055)</b>	<b>28,580,773</b>
<b>EXPENSES</b>								
General government services	5,465,510	-	329,931	-	-	-	(415,381)	5,380,060
Protective services	6,590,575	-	41,369	-	-	-	(516,897)	6,115,047
Education services	4,250,345	-	-	-	-	-	-	4,250,345
Social Services	59,540	-	-	-	-	-	-	59,540
Transportation services	1,033,656	-	836,701	-	-	-	-	1,870,357
Environmental health services	4,495,108	-	717,112	-	-	-	(493,107)	4,719,113
Water utility	-	2,387,024	-	-	-	-	(109,327)	2,277,697
Environmental development services	1,393,227	-	113,082	-	-	-	-	1,506,309
Landfill closure/post closure costs	-	-	-	-	-	-	-	-
Recreation and cultural services	1,511,388	-	49,291	-	-	-	(96,343)	1,464,336
Transfer to capital	139,000	-	-	-	(139,000)	-	-	-
Debt charges - principal payment	1,356,104	189,600	-	(1,383,592)	-	(162,112)	-	-
Transfer to reserves (capital/operating)	219,995	-	-	-	(219,995)	-	-	-
<b>Total expenses</b>	<b>26,514,448</b>	<b>2,576,624</b>	<b>2,087,486</b>	<b>(1,383,592)</b>	<b>(358,995)</b>	<b>(162,112)</b>	<b>(1,631,055)</b>	<b>27,642,804</b>
<b>Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ (110,277)</b>	<b>\$ (2,087,486)</b>	<b>\$ 2,789,625</b>	<b>\$ 183,995</b>	<b>\$ 162,112</b>	<b>\$ -</b>	<b>\$ 937,969</b>



Municipality of the District of East Hants  
Consolidated Schedule of Operations by Function  
Year Ended March 31, 2014

	General Government	Protective Services	Transportation Services	Env. Health Services	Env. Developmnt Services	Other
<b>REVENUE</b>						
Property taxes	\$ 18,528,526	\$ 2,134,965	\$ 47,367	\$ 2,111,087	\$ -	\$ -
Grants in lieu of taxes	164,601	-	-	13,694	-	-
Sale of services	277,236	-	-	373,036	24,589	-
Other revenue from own sources	1,075,264	68,035	-	86,738	97,193	140,584
Unconditional transfers from other governments	106,200	-	-	79,068	-	-
Conditional transfers from federal or provincial government	15,058	-	-	60,830	64,149	-
Government grants	-	-	-	-	-	1,100,512
Development and other contributions applied	-	-	-	15,600	-	-
Other transfers	-	-	-	400,000	-	-
Gain on sale of TCA	-	-	-	-	198,876	-
Water utility	-	-	-	-	-	-
Elimination Entries	(682,139)	-	-	(400,000)	-	-
<b>Total revenue</b>	<b>19,484,746</b>	<b>2,203,000</b>	<b>47,367</b>	<b>2,740,053</b>	<b>384,807</b>	<b>1,241,096</b>
<b>EXPENSES</b>						
Salaries, wages and benefits	2,091,623	243,066	-	972,009	709,952	-
Operating costs	2,660,323	6,125,655	790,814	2,955,170	308,959	4,314,109
Elimination Entries	(429,317)	(542,561)	-	(473,040)	-	-
Amortization	329,931	41,369	836,701	717,112	113,082	-
Interest on long term debt	308,644	18,601	326,642	156,189	119,489	-
Loss on sale of TCA	-	-	-	1,497	-	-
<b>Total expenses</b>	<b>4,961,204</b>	<b>5,886,130</b>	<b>1,954,157</b>	<b>4,328,937</b>	<b>1,251,482</b>	<b>4,314,109</b>
<b>Surplus (Deficit)</b>	<b>\$ 14,523,542</b>	<b>\$ (3,683,130)</b>	<b>\$ (1,906,790)</b>	<b>\$ (1,588,884)</b>	<b>\$ (866,675)</b>	<b>\$ (3,073,013)</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, 2014

	Recreation and Cultural Services	Water Utility	Elimination Entries 2013	2014 Total	2013 Total
<b>REVENUE</b>					
Property taxes	\$ 267,659	\$ -	\$ -	\$ 23,089,604	\$ 22,269,818
Grants in lieu of taxes	-	-	-	178,295	188,970
Sale of services	149,686	-	-	824,547	857,989
Other revenue from own sources	32,158	-	(516,245)	1,499,972	862,569
Unconditional transfers from other governments	-	-	-	185,268	197,181
Conditional transfers from federal or provincial government	48,451	-	-	188,488	188,526
Government grants	-	-	-	1,100,512	1,151,878
Development and other contributions applied	-	-	-	15,600	1,016,850
Other transfers	-	-	(400,000)	400,000	-
Gain on sale of TCA	-	-	-	198,876	357,017
Water utility	-	2,223,404	(516,897)	2,223,404	\$ 1,772,417
Elimination Entries	-	(542,561)	-	(1,624,700)	-
Total revenue	497,954	1,680,843	(1,433,142)	28,279,866	28,863,215
<b>EXPENSES</b>					
Salaries, wages and benefits	601,774	573,540	-	5,191,964	5,341,191
Operating costs	626,630	896,013	-	18,677,673	17,873,203
Elimination Entries	(99,558)	(80,224)	(1,433,142)	(1,624,700)	(1,433,142)
Amortization	49,291	328,124	-	2,415,610	2,268,705
Interest on long term debt	145,000	245,006	-	1,319,571	1,305,756
Loss on sale of TCA	360,593	-	-	362,090	35,491
Total expenses	1,683,730	1,962,459	(1,433,142)	26,342,208	25,391,204
Surplus (Deficit)	\$ (1,185,776)	\$ (281,616)	\$ -	\$ 1,937,658	\$ 3,472,011