

**MUNICIPALITY OF THE
DISTRICT OF EAST HANTS**

FINANCIAL REPORT

March 31, 2015



EAST HANTS
We live it!

Municipality of the District of East Hants

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March 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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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, 2015, 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

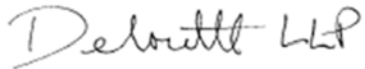
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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, 2015, 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 Professional Accountants
July 30, 2015
Halifax, Nova Scotia

Municipality of the District of East Hants
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash (Note 2)	\$ 19,310,212	\$ 18,220,897
Taxes and rates receivable (Note 3)	2,292,027	2,145,829
Accounts receivable (Note 4)	1,231,185	988,018
	<u>22,833,424</u>	<u>21,354,744</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	3,013,498	3,192,707
Deferred revenue - general	1,450,126	1,340,182
Deferred revenue - obligatory reserve (Note 6)	3,272,488	2,959,874
Employee future benefits (Note 9 & 10)	727,985	726,486
Tax sale surplus	185,555	180,532
Long-term liabilities (Note 8)	28,253,664	29,974,578
	<u>36,903,316</u>	<u>38,374,359</u>
NET DEBT	<u>(14,069,892)</u>	<u>(17,019,615)</u>
NON FINANCIAL ASSETS		
Tangible capital assets (Note 7)	76,277,713	75,482,006
Work in progress (Note 7)	873,427	287,682
Inventory and prepaid expenses	360,260	258,359
	<u>77,511,400</u>	<u>76,028,047</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 63,441,508</u>	<u>\$ 59,008,432</u>

Contingency (Note 16)

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, 2015

	2015 Budget Unaudited (Note 1)	2015 Actual	2014 Actual
Revenues			
Property taxes (Note 13)	\$ 24,063,580	\$ 24,107,140	\$ 23,089,604
Grants in lieu of taxes	178,292	177,299	178,295
Sale of services	905,516	877,270	824,547
Other revenue from own sources	652,933	940,809	817,833
Unconditional transfers from other governments	153,600	185,602	185,268
Conditional transfers from federal or provincial government	147,241	280,557	188,487
Government grants	1,276,815	1,228,939	1,100,512
Development and other contributions applied	2,235,932	2,150,167	15,600
Water utility	1,694,960	1,706,897	1,680,843
Total Revenues	31,308,869	31,654,680	28,080,989
Expenses			
General government services	5,614,587	5,204,064	5,321,797
Protective services	6,337,107	6,234,606	5,886,130
Education services (Note 13)	4,459,885	4,459,860	4,250,340
Social services	60,730	71,747	63,769
Transportation services	1,945,014	2,165,788	1,954,157
Environmental health services	4,737,886	4,471,554	4,319,379
Environmental development services	1,755,451	1,312,122	1,052,606
Landfill closure/post closure costs	-	(18,237)	9,559
Recreation and cultural services	1,544,997	1,316,790	1,323,137
Water utility	2,226,038	2,003,310	1,962,457
Total Expenses	28,681,695	27,221,604	26,143,331
Annual Surplus	2,627,174	4,433,076	1,937,658
Accumulated Surplus, Beginning of Year	59,008,432	59,008,432	57,070,774
Accumulated Surplus, End of Year	\$ 61,635,606	\$ 63,441,508	\$ 59,008,432

Municipality of the District of East Hants
Consolidated Statement of Changes in Net Debt
Year Ended March 31, 2015

	2015 Budget Unaudited (Note 1)	2015 Actual	2014 Actual
Annual Surplus	<u>\$ 2,627,174</u>	<u>\$ 4,433,076</u>	<u>\$ 1,937,658</u>
Tangible Capital Assets			
Acquisition of tangible capital assets	(2,429,945)	(3,945,403)	(3,822,147)
Amortization of tangible capital assets	2,525,690	2,525,690	2,415,610
Loss (gain) on sale of tangible capital assets	-	(354,084)	163,214
Proceeds on sale of tangible capital assets	-	392,345	564,953
	<u>95,745</u>	<u>(1,381,452)</u>	<u>(678,370)</u>
Other Non-Financial Assets			
Decrease (Increase) in inventory and prepaid expenses	-	(101,901)	75,336
Decrease in Net Debt	<u>2,722,919</u>	<u>2,949,723</u>	<u>1,334,624</u>
Net Debt, Beginning of Year	<u>(17,019,615)</u>	<u>(17,019,615)</u>	<u>(18,354,239)</u>
Net Debt, End of Year	<u><u>\$ (14,296,696)</u></u>	<u><u>\$ (14,069,892)</u></u>	<u><u>\$ (17,019,615)</u></u>

Municipality of the District of East Hants
Consolidated Statement of Cash Flow
Year Ended March 31, 2015

	2015	2014
Operating Transactions		
Annual surplus	\$ 4,433,076	\$ 1,937,658
Add amortization of tangible capital assets	2,525,690	2,415,610
	<u>6,958,766</u>	<u>4,353,268</u>
Changes in Non-Cash Assets and Liabilities		
Decrease in accounts receivable	(243,167)	703,442
(Increase) decrease in taxes receivable	(146,198)	(50,259)
Increase (Decrease) in accounts payable and accruals	(179,209)	369,650
Increase in tax sale surplus	5,023	-
Increase (decrease) in deferred revenue	422,558	153,315
(Decrease) increase in employee benefits/other obligations	1,499	72,858
Decrease (increase) in inventory and prepaid expenses	(101,901)	75,336
	<u>(241,395)</u>	<u>1,324,342</u>
Net Change in Cash From Operations	<u>6,717,371</u>	<u>5,677,610</u>
Financing Transactions		
Long-term liabilities issued	-	4,000,000
Long-term liabilities retired	(1,720,914)	(1,545,646)
	<u>(1,720,914)</u>	<u>2,454,354</u>
Capital Transactions		
Additions to tangible capital assets	(3,359,658)	(3,709,060)
Decrease (increase) in work in progress	(585,745)	(113,087)
(Gain) loss on sale of tangible capital assets	(354,084)	163,214
Proceeds on sale of tangible capital assets	392,345	564,953
	<u>(3,907,142)</u>	<u>(3,093,980)</u>
Increase in Cash Position	1,089,315	5,037,984
Cash Position, Beginning of Year	18,220,897	13,182,913
Cash Position, End of Year	<u>\$ 19,310,212</u>	<u>\$ 18,220,897</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 standards for local governments as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada). 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 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.

1. **Significant Accounting Policies (Continued)**

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.

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. Exceptions to this are when the transfer includes stipulations which have not yet been met and cause the Municipality to incur a liability.

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.

1. **Significant Accounting Policies (Continued)**

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 2015 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) PSAS Budget

The consolidated financial statements include an unaudited PSAS 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 PSAS 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.

l) Segmented Information

East Hants is a diversified municipal government that provides a wide range of municipal programs and services to its constituents, including fire, RCMP, waste and recycling services, water supply and distribution, wastewater treatment, libraries, recreation and tourism. Segmented information has been prepared by major functional classification, consistent with the Consolidated Statement of Operations and provincially legislated requirements.

1. **Significant Accounting Policies (Continued)**

The major segments are as follows:

General government services: Activities that provide for the overall operation of the municipality and that are common to, or affect all of the services provided by the municipality. This includes the administrative arm of the Municipality (finance, taxation & collection, facilities management (including interest on debt charges), information services, Chief Administrative Officer and human resources) and legislative activities related to the warden and council of the municipality, including their remuneration and expenses.

Protective services: Activities that provide for the public safety of the inhabitants of the municipality, such as: RCMP protection, transfers to correctional services, bylaw enforcement, building inspection, emergency measures, fire department grants and levies and fire hydrants.

Education: Mandatory education transferred to Chignecto-Central Regional School Board.

Social Services: Payments made to Housing Nova Scotia to cover the deficits of the public housing authorities in the region.

Transportation services: Activities, transfers and related debt for roads, sidewalks and LED lighting.

Environmental health services: Activities that provide environmentally regulated services, including sewage collection, treatment & disposal, waste management center operations, multi stream waste collection and disposal programs and engineering/environmental stewardship.

Environmental development services: Activities that support and control the municipality's economic development including environmental planning and zoning, industrial park development, tourism and community development.

Recreation and cultural services: Activities that provide recreation and cultural services, including recreational facilities, libraries and cultural buildings.

Water Utility: Activities related to the operations of the East Hants Water Utility, a 2,600 customer utility that operates two modern water treatment plants and related infrastructure.

2. **Cash**

Cash is comprised of:

	<u>2015</u>	<u>2014</u>
Bank	\$ 16,516,724	\$ 15,730,773
Restricted cash (obligatory reserve funds)	2,793,488	2,490,124
	<u>\$ 19,310,212</u>	<u>\$ 18,220,897</u>

Municipality of the District of East Hants
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

2. **Cash (Continued)**

Administered bank accounts

The Municipality administers bank accounts for the Lantz Fire Department, Milford Fire Department, Nine Mile River Fire Department, Maitland Fire Department, Rawdon Fire Department, Noel Fire Department, and Shubenacadie 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 \$45,539 (2014 - \$27,427), representing management's estimate of uncollectible accounts.

4. **Accounts Receivable**

The balance for accounts receivable on the consolidated Statement of Financial Position totaled \$1,231,185 (2014 - \$988,018). The balance is comprised of the following:

	<u>2015</u>		<u>2014</u>
Amounts due from provincial/federal government	\$ 285,676	\$	174,551
Loan to Lantz fire department	301,653		316,083
Other	643,856		497,384
	<u>\$ 1,231,185</u>	\$	<u>988,018</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).

5. **Accounts Payable and Accrued Liabilities**

	<u>2015</u>		<u>2014</u>
Liability for closure/post closure costs - landfill	\$ 254,487	\$	272,723
Salaries & wages payable	159,822		143,344
Trade payables and accruals	2,599,189		2,776,640
	<u>\$ 3,013,498</u>	\$	<u>3,192,707</u>

Municipality of the District of East Hants
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

6. Deferred Revenue - Obligatory Reserve

	<u>2015</u>	<u>2014</u>
Sewer balance at beginning of year	\$ 2,111,370	\$ 2,005,439
Sewer developer charges (including interest)	183,871	121,531
Transfer - Sewer Capacity Study	(39,718)	(15,600)
Sewer balance at end of year	<u>\$ 2,255,523</u>	<u>\$ 2,111,370</u>
Water balance at beginning of year	\$ 834,032	\$ 736,794
Water developer charges (including interest)	168,290	97,238
Water balance at end of year	<u>\$ 1,002,322</u>	<u>\$ 834,032</u>
Green Space balance at beginning of year	\$ 14,472	\$ 14,300
Green Space contributions (including interest)	171	172
Green Space balance at end of year	<u>\$ 14,643</u>	<u>\$ 14,472</u>
Sewer Developer Charges	\$ 2,255,523	\$ 2,111,370
Water Developer Charges	1,002,322	834,032
Green Space Contributions	14,643	14,472
	<u>\$ 3,272,488</u>	<u>\$ 2,959,874</u>

7. Asset Continuity Schedule

MUNICIPALITY OF EAST HANTS
TANGIBLE CAPITAL ASSETS
NOTES TO THE FINANCIALS
For the Year Ended March 31, 2015

	General Capital Assets				Infrastructure				2015 TOTAL	2014 TOTAL
	Land	Buildings	Machinery & Equipment	Vehicles	Engineered Structures	Industrial Parks	Water Utilities	Assets in WIP		
Cost										
Opening Costs	2,228,456	11,620,337	2,490,207	224,630	54,632,918	6,228,268	22,730,311	287,682	100,442,809	97,974,842
Additions during year	80,673	893,941	-	27,961	1,462,774	72,736	821,573	585,745	3,945,403	3,822,147
Disposals & Write downs	(26,551)	(14,600)	-	-	-	-	-	-	(41,151)	(1,354,180)
Closing Costs	<u>2,282,578</u>	<u>12,499,678</u>	<u>2,490,207</u>	<u>252,591</u>	<u>56,095,692</u>	<u>6,301,004</u>	<u>23,551,884</u>	<u>873,427</u>	<u>104,347,061</u>	<u>100,442,809</u>
Accumulated Amortization										
Opening Accum. Amortization	N/A	2,657,919	1,367,009	53,897	15,379,205	934,563	4,280,528	-	24,673,121	22,883,524
Amortization in Year	N/A	298,801	234,328	31,834	1,465,929	165,723	329,075	-	2,525,690	2,415,610
Adj/Disposals - Accum Amort	N/A	(2,890)	-	-	-	-	-	-	(2,890)	(626,013)
Acc Amort - End of Year	<u>-</u>	<u>2,953,830</u>	<u>1,601,337</u>	<u>85,731</u>	<u>16,845,134</u>	<u>1,100,286</u>	<u>4,609,603</u>	<u>-</u>	<u>27,195,921</u>	<u>24,673,121</u>
Net Book Value	<u>2,282,578</u>	<u>9,545,848</u>	<u>888,870</u>	<u>166,860</u>	<u>39,250,558</u>	<u>5,200,718</u>	<u>18,942,281</u>	<u>873,427</u>	<u>77,151,140</u>	<u>75,769,688</u>

Municipality of the District of East Hants
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

8. Net Long-Term Liabilities

a) Of the \$28,253,664 long-term liabilities (2014 - \$29,974,578) certain payments represent a burden on general Municipal Revenues, as they are to be recovered in future years from other sources.

	<u>2015</u>	<u>2014</u>
General revenues	\$ 3,042,693	\$ 3,312,610
Local improvement charges	241,409	388,978
Area rates	10,420,052	11,040,065
Sale of land in Industrial Parks	3,088,336	3,350,103
Water charges	4,945,870	5,142,578
Tenants rent	6,220,454	6,431,244
Loan to Lantz fire department	294,850	309,000
	<u>\$ 28,253,664</u>	<u>\$ 29,974,578</u>

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

	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
General Government	\$ 89,684	\$ 18,200	\$ 19,400	\$ 310,700	\$ -
Transportation	495,837	454,115	461,071	734,278	393,786
Environmental Development	188,069	190,143	192,419	251,251	783,226
Environmental Health	152,486	107,778	231,981	89,351	62,989
Sew ers	83,178	86,568	90,266	94,253	70,397
Recreation	152,574	137,032	142,821	149,162	156,046
Buildings	219,750	229,250	239,290	249,960	261,280
Water Utilities	204,210	212,114	220,424	229,162	228,213
Hospital	27,549	28,749	30,016	31,356	32,770
Lantz Fire Department	14,880	15,650	16,455	17,300	18,200
Fire Dept Equipment	7,735	8,000	8,298	8,627	8,988
Total:	<u>\$ 1,635,952</u>	<u>\$ 1,487,599</u>	<u>\$ 1,652,441</u>	<u>\$ 2,165,400</u>	<u>\$ 2,015,895</u>

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

	<u>2015</u>	<u>2014</u>
Principal	\$ 1,720,914	\$ 1,545,646
Interest	1,297,152	1,319,572
	<u>\$ 3,018,066</u>	<u>\$ 2,865,218</u>

8. Net Long-Term Liabilities (Continued)

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

	<u>2015</u>	<u>2014</u>
General revenues	\$ 962,618	\$ 892,241
Local improvement charges	160,898	161,163
Area rates	1,077,760	1,091,166
Sale of land in industrial parks	383,586	286,052
Water charges	433,204	434,596
	<u>\$ 3,018,066</u>	<u>\$ 2,865,218</u>

9. Employee Future Benefits

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 last fiscal year and has been recorded in the Consolidated Statement of Financial Position.

10. Pension Plan

The Municipality operates a defined benefit pension plan, which provides benefits to employees upon retirement. The accrued benefit obligation as at March 31, 2015 is based on an actuarial valuation for accounting purposes as at December 31, 2013, with adjustments based on additional information provided to the actuary in 2014. The next actuarial valuation for accounting purposes is to be prepared as of December 31, 2014. The accrued benefit obligation has changed due to, among other assumption changes, a decrease in the discount rate used and the change in the mortality assumption. All plan assets are held by various Standard Life Funds.

	<u>Estimated</u> <u>December 31, 2014</u>	<u>Actual</u> <u>December 31, 2013</u>
Accrued Benefit Obligation	\$12,125,277	\$7,082,217
Fair Value Plan Asset	<u>9,289,257</u>	<u>8,190,408</u>
Funded Status - (Plan Deficit) Surplus	<u>\$(2,836,020)</u>	<u>\$1,108,191</u>

The significant actuarial assumptions adopted measuring the Municipality's accrued benefit obligation as at December 31, 2014 were as follows:

	<u>Dec.31, 2014</u>	<u>Dec. 31, 2013</u>
Expected long-term rate of return on plan assets	6.25%	6.25%
Rate of compensation increase	3.00%	3.00%
Discount rate used to determine benefit obligation	4.00%	4.75%

The Post-retirement mortality assumption was based on CPM2014 Public Sector Mortality with generational projection. The assumption in the prior valuation was 1994 Uninsured Pensioners (UP94) projected to 2015.

10. Pension Plan (Continued)

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 ("EARSLS") of the employee group.

Accrued benefit obligation, net of plan assets	\$2,836,020
Unamortized actuarial loss	<u>(2,270,396)</u>
Benefit liability recorded in the statement of financial position	<u>\$565,624</u>

During the year, the Municipality and employees contributed \$539,805 (including special payments) and \$183,720 respectively, to the plan. Benefit payments for the year totaled \$275,281.

Administrative fees paid during the 2014-2015 fiscal year totaled \$12,845.

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 \$254,487 (2014 - \$272,723) 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, 2015

12. Municipal Fund Balances

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

	<u>2015</u>	<u>2014</u>
Services provided by area rates	\$ -	\$ 52,295
Services provided by general fund	-	38,044
Long term liabilities issued to fund Hospital	(878,786)	(905,304)
Long term liabilities issued to fund Sportsplex	(3,010,689)	(3,137,885)
Unfunded pension liability	(565,624)	(550,926)
Landfill liability funded by reserves	(254,487)	(272,723)
	<u>(4,709,586)</u>	<u>(4,776,499)</u>
Water utility operation	1,037,690	1,107,443
	<u>\$ (3,671,896)</u>	<u>\$ (3,669,056)</u>

In 2014/2015 Council approved a transfer of \$90,339 (area rates \$52,295 and general fund \$38,044) from the general current fund balance to the operating reserve fund balance.

b) The capital asset fund balance is comprised of the following:

	<u>2015</u>	<u>2014</u>
Tangible capital assets	\$ 76,277,713	\$ 75,482,006
Work in progress	873,427	287,682
Funds yet to be provided from long term debt	(1,313,545)	(459,280)
Long term liabilities capital	(24,069,338)	(25,622,392)
	<u>\$ 51,768,257</u>	<u>\$ 49,688,016</u>

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

	<u>2015</u>	<u>2014</u>
Working funds	\$ 9,885,010	\$ 8,862,981
Replacement of equipment/assets	5,205,650	3,853,768
Landfill closure/post closure liability	254,487	272,723
	<u>\$ 15,345,147</u>	<u>\$ 12,989,472</u>

Municipality of the District of East Hants
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

12. Municipal Fund Balances (Continued)

d) Consolidated Accumulated Surplus:

	<u>2015</u>	<u>2014</u>
Current funds	(3,671,896)	(3,669,056)
Capital asset funds	51,768,257	49,688,016
Reserve funds	15,345,147	12,989,472
	<u>\$ 63,441,508</u>	<u>\$ 59,008,432</u>

13. Taxation

	<u>2015</u>	<u>2014</u>
Taxation from real property	\$ 24,107,140	\$ 23,089,604
Less: Taxation collected to pay mandatory provincial taxes for:		
Education	(4,459,860)	(4,250,340)
Public Housing	(71,747)	(63,769)
Corrections	(284,009)	(283,169)
Net taxes available for municipal purposes	<u>\$ 19,291,524</u>	<u>\$ 18,492,326</u>

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

	<u>Stipend/Salary</u>	<u>Expenses</u>	<u>Total</u>
Council			
Warden James D. Smith	\$ 38,545	\$ 4,503	\$ 43,048
Rosanne Bland	21,122	573	21,695
Cecil Dixon	19,697	1,435	21,132
Albert Flemming	19,697	1,521	21,218
Greg Grant	20,410	992	21,402
Wayne Greene	20,410	208	20,618
Eldon Hebb	19,697	1,181	20,878
John A. MacDonald	24,088	586	24,674
Cyril McDonald	21,121	1,582	22,703
Norval Mitchell	19,697	4,247	23,944
Keith Rhyno	20,054	719	20,773
Eleanor Roulston	20,054	2,869	22,923
Willy Versteeg	19,009	2,869	21,878
Chief Administrative Officer*	213,312	6,730	220,042
	<u>\$ 496,913</u>	<u>\$ 30,015</u>	<u>\$ 526,928</u>

* CAO remuneration includes the value of retirement benefits

15. Subsequent Events

Subsequent to March 31, 2015, the Municipality entered into debenture financing for a 15 year loan in the amount of \$750,000 from the Nova Scotia Municipal Finance Corporation. The loan is for the RCMP Office in Rawdon that was constructed in fiscal year 2014/2015.

16. Contingency

The Municipality has guaranteed a loan on behalf of the Lantz Fire Department totaling \$294,850 (2014 - \$309,000).

Municipality of the District of East Hants
Schedule of Current Fund Operations - Municipal Operations
Year Ended March 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
Revenue			
Property taxes	\$ 24,063,580	\$ 24,107,140	\$ 23,089,604
Grants in lieu of taxes	178,292	177,299	178,295
Sale of services	905,516	877,270	824,547
Other revenue from own sources	1,393,386	1,512,360	1,359,388
Unconditional transfers from other governments	153,600	185,602	185,268
Conditional transfers from federal or provincial government agencies	147,241	280,557	188,487
Development and other contributions applied	125,483	39,718	15,600
Other transfers	400,000	400,000	400,000
	<u>27,367,098</u>	<u>27,579,946</u>	<u>26,241,189</u>
Expenses			
General government services	5,750,999	5,351,514	5,060,591
Protective services	6,833,566	6,710,134	6,387,322
Education	4,459,885	4,459,860	4,250,340
Social services	60,730	71,747	63,769
Transportation services	1,059,896	1,280,668	1,117,456
Environmental health services	4,478,884	4,192,215	4,073,810
Environmental development services	1,583,842	1,506,306	1,138,400
Landfill closure/post closure costs	-	(18,237)	9,559
Recreation and cultural services	1,594,049	1,371,489	1,373,404
	<u>25,821,851</u>	<u>24,925,696</u>	<u>23,474,651</u>
Net Revenue	<u>1,545,247</u>	<u>2,654,250</u>	<u>2,766,538</u>
Financing and Transfers			
Debt principal repayment	1,524,215	1,510,056	1,342,595
Increase (decrease) in amounts to be recovered	-	3,538	(221,277)
Transfer to capital fund	149,000	151,332	328,746
Transfer to capital reserves	(15,092)	(12,359)	(12,317)
Transfer to operating reserves	(112,876)	1,001,683	1,328,791
	<u>1,545,247</u>	<u>2,654,250</u>	<u>2,766,538</u>
Change in Fund Balance	-	-	-
Opening Fund Balance	(4,776,499)	(4,776,499)	(4,703,815)
Change in Long-Term Liabilities	-	153,710	148,591
Change in Unfunded Pension Liability	-	(14,698)	(211,718)
Change in Landfill Liability	-	18,236	(9,557)
Change in Accum Surplus	-	(90,335)	-
Closing Fund Balance (Note 12)	<u>\$ (4,776,499)</u>	<u>\$ (4,709,586)</u>	<u>\$ (4,776,499)</u>

Municipality of the District of East Hants
 Schedule of Current Fund Operations - Water Utility
 Year Ended March 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
Revenue	<u>\$ 2,232,788</u>	<u>\$ 2,223,794</u>	<u>\$ 2,223,404</u>
Expenses			
Operating	1,773,564	1,531,269	1,469,551
Interest on debt	236,496	236,495	245,006
Amortization expense	331,450	329,075	328,124
	<u>2,341,510</u>	<u>2,096,839</u>	<u>2,042,681</u>
Net Revenue	<u>(108,722)</u>	<u>126,955</u>	<u>180,723</u>
Transfers and Financing			
Principal debt payment	196,708	196,708	189,591
Transfer from Municipal Operating	(175,000)	-	-
	<u>21,708</u>	<u>196,708</u>	<u>189,591</u>
Change in Fund Balance	<u>(130,430)</u>	<u>(69,753)</u>	<u>(8,868)</u>
Opening Fund Balance	1,107,443	1,107,443	1,116,311
Closing Fund Balance (Note 12)	<u>\$ 977,013</u>	<u>\$ 1,037,690</u>	<u>\$ 1,107,443</u>

Municipality of the District of East Hants
 Schedule of Capital Fund Operations - Municipal Operations
 Year Ended March 31, 2015

	2015 Actual	2014 Actual
Revenue		
Government grants	\$ 235,591	\$ 52,627
Development and other contributions applied	2,110,449	-
	<u>2,346,040</u>	<u>52,627</u>
Expenses		
General government services	300,965	690,523
Protective services	41,369	41,369
Transportation services	885,118	836,700
Environmental health services	759,973	718,609
Environmental development services	(194,184)	(85,794)
Recreation and cultural services	49,291	49,291
	<u>1,842,532</u>	<u>2,250,698</u>
Net Revenue	503,508	(2,198,071)
Financing and Transfers		
Principal payments	(1,553,054)	(1,383,592)
Transfers from reserves	127,653	(957,625)
Transfers from operations	(151,332)	(328,746)
	<u>(1,576,733)</u>	<u>(2,669,963)</u>
Increase in Fund Balance	2,080,241	471,892
Opening Fund Balance	49,688,016	49,216,124
Closing Fund Balance (Note 12)	<u>\$ 51,768,257</u>	<u>\$ 49,688,016</u>

Municipality of the District of East Hants
 Schedule of Reserve Operations
 Year Ended March 31, 2015

	2015 Actual	2014 Actual
Revenue		
Investment income	\$ 155,015	\$ 140,584
Government grants	993,348	1,047,885
	<u>1,148,363</u>	<u>1,188,469</u>
Net Transfers From/To Other Funds		
Transfers from Current Fund	(989,324)	(1,316,474)
Transfers to Capital Fund	(127,653)	957,625
	<u>(1,116,977)</u>	<u>(358,849)</u>
Net Change in Reserve Funds	2,265,340	1,547,318
Opening Reserve Fund Balance	12,989,472	11,442,154
Change in Accum Surplus	90,335	-
Closing Reserve Fund Balance (Note 12)	<u>\$ 15,345,147</u>	<u>\$ 12,989,472</u>
Analyzed as follows:		
Reserves set aside for specific purposes:		
Operating Contingencies/Surplus	\$ 2,395,953	\$ 1,921,780
Solid Waste Diversion Operations	92,921	92,921
General Government	930,603	922,446
Solid Waste Management Facilities/Equipment	1,233,954	1,112,040
Office Equipment	341,668	362,272
Computer Hardware/Software	225,514	303,352
Pool Building and Equipment	717,420	655,215
Transportation and Equipment	833,016	714,506
Recreation and Leisure	35,375	30,376
Emergency Measures	184,899	164,899
Passenger Vehicles	164,750	144,750
Tax Sale Surplus	15,586	15,586
Gas Tax Excess	919,962	192,940
Resource Center	120,000	100,000
Industrial Park Land Development (fr Sales)	1,027,883	628,170
Landfill Closure/Post Closure Costs	254,487	272,723
District Beautification Funds	28,381	23,594
Emergency Grant Fund-Fire Departments	321,349	263,698
Tourism Grant Fund/Capital	121,880	112,079
District Recreation Grant Fund	145,594	85,189
Tourism Economic Development Fund	60,000	-
Rural Economic Development Fund	122,787	182,787
CSR Contingencies	1,207,335	993,229
Lights Communities	121,830	113,872
Lights Other Surplus	107,801	104,525
Corridor Fire Protection System	1,231,916	1,217,333
Sewer System	183,626	337,035
Sidewalks Excess Debenture/Operations	320,952	317,964
East Hants Water system	1,877,705	1,604,192
	<u>\$ 15,345,147</u>	<u>\$ 12,989,472</u>

Municipality of the District of East Hants

Reconciliation of the Financial Plan to the PSAS Budget

Year Ended March 31, 2015

	Financial Plan General	Financial Plan Utility	Amortization (TCA)	Financial Plan Capital	Transfers Reserves	Debt Charges Principal	Elimination Entries	PSAB Budget
REVENUE								
Taxes	\$ 24,063,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,063,580
Water utility	-	2,232,788	-	-	-	-	(537,828)	1,694,960
Grants in lieu of taxes	178,292	-	-	-	-	-	-	178,292
Sale of services	905,516	-	-	-	-	-	-	905,516
Other revenue from own sources	1,393,386	-	-	-	-	-	(740,453)	652,933
Unconditional transfers from other	153,600	-	-	-	-	-	-	153,600
Conditional transfers from government	147,241	-	-	-	-	-	-	147,241
Government grants	-	-	-	1,276,815	-	-	-	1,276,815
Development and other contributions applied	125,483	-	-	2,110,449	-	-	-	2,235,932
Other transfers	400,000	-	-	-	-	-	(400,000)	-
Transfers from reserves (capital/operating)	-	175,000	-	-	(175,000)	-	-	-
Total revenue	27,367,098	2,407,788	-	3,387,264	(175,000)	-	(1,678,281)	31,308,869
EXPENSES								
General government services	5,750,999	-	289,255	-	-	-	(425,667)	5,614,587
Protective services	6,833,566	-	41,369	-	-	-	(537,828)	6,337,107
Education services	4,459,885	-	-	-	-	-	-	4,459,885
Social Services	60,730	-	-	-	-	-	-	60,730
Transportation services	1,059,896	-	885,118	-	-	-	-	1,945,014
Environmental health services	4,478,884	-	759,973	-	-	-	(500,971)	4,737,886
Water utility	-	2,341,510	-	-	-	-	(115,472)	2,226,038
Environmental development services	1,583,842	-	171,609	-	-	-	-	1,755,451
Landfill closure/post closure costs	-	-	-	-	-	-	-	-
Recreation and cultural services	1,594,049	-	49,291	-	-	-	(98,343)	1,544,997
Transfer to capital	149,000	-	-	-	(149,000)	-	-	-
Debt charges - principal payment	1,524,215	196,708	-	(1,553,054)	-	(167,869)	-	-
Transfer to reserves (capital/operating)	(127,968)	-	-	-	127,968	-	-	-
Total expenses	27,367,098	2,538,218	2,196,615	(1,553,054)	(21,032)	(167,869)	(1,678,281)	28,681,695
Surplus (Deficit)	\$ -	\$ (130,430)	\$ (2,196,615)	\$ 4,940,318	\$ (153,968)	\$ 167,869	\$ -	\$ 2,627,174

Municipality of the District of East Hants
Consolidated Schedule of Operations by Function
Year Ended March 31, 2015

	*General Government	Protective Services	Transportation Services	Env. Health Services	Env. Developmnt Services	Other
REVENUE						
Property taxes	\$ 19,390,119	\$ 2,239,879	\$ 74,836	\$ 2,144,184	\$ -	\$ -
Grants in lieu of taxes	164,177	-	-	13,122	-	-
Sale of services	294,558	-	-	419,767	13,975	-
Other revenue from own sources	1,145,238	88,577	-	130,650	117,448	155,015
Unconditional transfers from other governments	108,486	-	-	77,116	-	-
Conditional transfers from federal or provincial government	17,980	-	40,413	83,672	104,293	-
Government grants	-	-	-	-	-	1,228,939
Development and other contributions applied	-	-	-	39,718	-	2,110,449
Other transfers	-	-	-	400,000	-	-
Gain on sale of TCA	-	-	-	-	365,793	-
Water utility	-	-	-	-	-	-
Elimination Entries	(726,567)	-	-	(400,000)	-	-
Total revenue	20,393,991	2,328,456	115,249	2,908,229	601,509	3,494,403
EXPENSES						
Salaries, wages and benefits	2,166,539	275,236	-	1,058,203	908,016	-
Operating costs	2,876,712	6,417,069	977,013	2,968,666	454,760	4,531,607
Elimination Entries	(448,414)	(516,897)	-	(480,635)	-	-
Amortization	289,255	41,369	885,118	759,973	171,609	-
Interest on long term debt	308,263	17,829	303,657	147,109	143,530	-
Loss on sale of TCA	11,710	-	-	-	-	-
Total expenses	5,204,065	6,234,606	2,165,788	4,453,316	1,677,915	4,531,607
Surplus (Deficit)	\$ 15,189,926	\$ (3,906,150)	\$ (2,050,539)	\$ (1,545,087)	\$ (1,076,406)	\$ (1,037,204)

* 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, 2015

	Recreation and Cultural Services	Water Utility	2015 Total	2014 Total
REVENUE				
Property taxes	\$ 258,122	\$ -	\$ 24,107,140	\$ 23,089,604
Grants in lieu of taxes	-	-	177,299	178,295
Sale of services	148,970	-	877,270	824,547
Other revenue from own sources	30,449	-	1,667,377	1,499,972
Unconditional transfers from other governments	-	-	185,602	185,268
Conditional transfers from federal or provincial government	34,199	-	280,557	188,488
Government grants	-	-	1,228,939	1,100,512
Development and other contributions applied	-	-	2,150,167	15,600
Other transfers	-	-	400,000	400,000
Gain on sale of TCA	-	-	365,793	198,876
Water utility	-	2,223,794	2,223,794	2,223,404
Elimination Entries	-	(516,897)	(1,643,464)	(1,624,700)
Total revenue	471,740	1,706,897	32,020,474	28,279,866
EXPENSES				
Salaries, wages and benefits	578,267	588,364	5,574,626	5,191,964
Operating costs	652,951	942,906	19,821,684	18,677,673
Elimination Entries	(103,988)	(93,530)	(1,643,464)	(1,624,700)
Amortization	49,291	329,075	2,525,690	2,415,610
Interest on long term debt	140,269	236,495	1,297,152	1,319,571
Loss on sale of TCA	-	-	11,710	362,090
Total expenses	1,316,790	2,003,310	27,587,398	26,342,208
Surplus (Deficit)	\$ (845,050)	\$ (296,413)	\$ 4,433,076	\$ 1,937,658