



Grant Thornton

Consolidated Financial Statements

Municipality of the District of Clare

March 31, 2018

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Independent Auditor's Report

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To the Warden and Council of
Municipality of the District of Clare

We have audited the accompanying consolidated financial statements of the Municipality of the District of Clare, which comprise the statement of financial position as at March 31, 2018 and the statement of operations, and changes in net financial assets and changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Municipality of the District of Clare as at March 31, 2018, and the results of its operations, changes in net financial assets and change in financial position for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The schedules of revenues and expenses on pages 22 to 26 are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Yarmouth, Canada
September 19, 2018



Chartered Professional Accountants
Licensed Public Accountants

Municipality of the District of Clare
Management's Responsibility for the Consolidated Financial Statements
March 31, 2018

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

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

The Municipal Councilors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews external audited consolidated financial statements yearly. The Council also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Municipality of the District of Clare and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of The Municipality of the District of Clare



Stéphane Cyr
Chief Administrative Officer



Ginette Cheff
Director of Finance

September 19, 2018

Municipality of the District of Clare

Consolidated Statement of Operations

Year Ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Taxes	\$ 5,118,232	\$ 5,130,088	\$ 5,100,438
Grants in lieu of taxes	139,283	139,280	139,104
Services provided to other governments	330,000	311,037	317,591
Other revenue from own sources	679,281	671,031	634,501
Unconditional transfers from other governments	299,758	347,146	328,683
Conditional transfers from federal and provincial governments and agencies	270,000	414,484	548,579
Interest	134,000	153,656	163,882
Other	-	5,900	109
	<u>6,970,554</u>	<u>7,172,622</u>	<u>7,232,887</u>
Expenses			
General government services	1,337,851	1,186,965	1,316,481
Protective services	1,858,110	1,763,544	1,719,825
Transportation services	106,739	88,356	89,542
Environmental health services	1,685,877	1,585,022	1,681,601
Public health and welfare services	610,203	585,256	544,288
Environmental development services	404,405	387,418	324,996
Recreational and cultural services	878,286	668,233	741,093
Transfers to other agencies	35,448	35,448	89,593
Interest	93,678	93,677	99,626
	<u>7,010,597</u>	<u>6,393,919</u>	<u>6,607,045</u>
Annual (deficit) surplus before the undernoted	(40,043)	778,703	625,842
Loss on disposal of tangible capital assets	-	(114,220)	-
Annual (deficit) surplus	<u>\$ (40,043)</u>	664,483	625,842
Accumulated surplus, beginning of year		<u>12,988,199</u>	<u>12,362,357</u>
Accumulated surplus, end of year		<u>\$13,652,682</u>	<u>\$12,988,199</u>

Municipality of the District of Clare

Consolidated Statement of Financial Position

March 31

2018

2017

Financial Assets

Cash - restricted	\$ 292,371	\$ 329,397
Cash - unrestricted	4,934,544	4,196,581
Receivables		
Taxes (Note 3)	544,978	475,383
Special assessments (Note 4)	23,045	21,312
Due from Federal Government and its agencies	138,486	177,270
Due from own agencies - Fire Department (Note 14)	375,793	473,383
Other receivables (Note 5)	95,650	72,767
Pension asset (Note 12)	24,701	-
	<u>6,429,568</u>	<u>5,746,093</u>

Financial Liabilities

Payables and accruals	670,219	502,534
Prepayment of taxes	70,485	57,631
Pension liability (Note 12)	-	6,100
Landfill closure (Note 15)	303,336	303,336
Long-term debt (Note 16)	1,961,668	2,140,001
Deferred revenue	847,803	585,418
Other – tax surplus sale	248,309	285,927
	<u>4,101,820</u>	<u>3,880,947</u>

NET FINANCIAL ASSETS

2,327,748 1,865,146

Non-Financial Assets

Tangible capital assets (Note 17)	<u>11,324,934</u>	<u>11,123,053</u>
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ACCUMULATED SURPLUS

\$ 13,652,682 \$ 12,988,199

Commitments (Note 8)

On behalf of the Municipality of the District of Clare

 Warden

 Clerk

See accompanying notes to the consolidated financial statements.

Municipality of the District of Clare
Consolidated Statement of Change in Net Financial Assets

Year Ended March 31	Budget	2018	2017
Annual (deficit) surplus	\$ (40,043)	\$ 664,483	\$ 625,842
Acquisition of tangible capital assets	(270,000)	(804,477)	(807,315)
Amortization of tangible capital assets	488,376	488,376	468,219
Loss on disposal of tangible capital assets	<u>-</u>	<u>114,220</u>	<u>-</u>
Increase in net financial assets	<u>\$ 178,333</u>	<u>462,602</u>	<u>286,746</u>
Net financial assets, beginning of year		<u>1,865,146</u>	<u>1,578,400</u>
Net financial assets, end of year		<u>\$ 2,327,748</u>	<u>\$ 1,865,146</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Clare

Consolidated Statement of Changes in Financial Position

Year Ended March 31

2018

2017

Increase in cash and cash equivalents

Operating activities

Annual surplus	\$ 664,483	\$ 625,842
Change in non-cash items		
Amortization	488,376	468,219
Loss on disposal of tangible capital assets	114,220	-
Taxes receivable	(69,595)	13,202
Special assessments	(1,733)	311
Due from Federal Government and its agencies	38,784	(743)
Due from own agencies – Fire Department	97,590	115,720
Due from Yarmouth International Airport Corporation	-	40,000
Other receivables	(22,883)	639,426
Pension asset	(30,801)	-
Payables and accruals	167,686	(405,720)
Prepayment of taxes	12,854	7,606
Deferred revenue	262,385	185,763
Other - tax surplus sale	(37,617)	94,858
	<u>1,683,749</u>	<u>1,784,484</u>

Capital activities

Purchase of tangible capital assets	(804,477)	(807,315)
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Financing activities

Repayment of long-term debt	(178,333)	(178,333)
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Net increase in cash and cash equivalents	700,939	798,836
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Cash and cash equivalents

Beginning of year	4,525,976	3,727,142
End of year	\$ 5,226,915	\$ 4,525,978

Cash and cash equivalents are comprised of:

Restricted cash	\$ 292,371	\$ 329,397
Unrestricted cash	4,934,544	4,196,581
	<u>\$ 5,226,915</u>	<u>\$ 4,525,978</u>

See accompanying notes to the consolidated financial statements.

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

1. Summary of significant accounting policies

The consolidated financial statements of the Municipality of the District of Clare (the "Municipality") are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

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

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

Reporting entity

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

Interdepartmental and organizational transactions and balances are eliminated.

Basis of accounting

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation.

Budget figures

The budget figures contained in these consolidated financial statements were approved by Council on May 17, 2017 in its original fiscal plan; they also additional adjustments in accordance with PSAB requirements. Note 19 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

Revenue recognition

(a) Tax revenue is property tax billings which are prepared by the Municipality based on assessment rolls issued by the Province of Nova Scotia. Tax rates are established annually by Municipal Council. Taxes are billed based on the assessment rolls provided by the Province of Nova Scotia. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(b) Revenue from provincial or municipal units without eligibility criteria or stipulations is recognized as revenue by the Municipality when the transfer is authorized. Revenue with eligibility criteria is recognized as revenue by the Municipality when the transfer is authorized and all eligibility criteria have been met. Revenue with stipulations is recognized as revenue by the Municipality when the transfer is authorized and all stipulations have been met.

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

- (c) Landfill and recycling center tipping fees - Revenue is recorded when the service is rendered and therefore no further obligations exist.
- (d) Other revenue is recorded when it is earned.

Expenses

- (a) Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation.
- (b) Government transfers made to a recipient by the Municipality are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

Cash and cash equivalents

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

Deferred revenue

Deferred revenue consists of funds received in advance for projects that will be completed in subsequent periods. These revenues will be recognized when the related projects are completed.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates that effect the amounts recorded in the financial statements. Management reviews the carrying amounts of items in the financial statements at each fiscal year end date to assess the need for revisions. Items in preparation of these consolidated financial statements require management's best estimate based on assumptions that reflect the most probably set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to annual surplus as appropriate in the year they become known.

Significant items subject to management estimates include:

<u>Financial statement element</u>	<u>Management estimate</u>
Taxes receivable	Allowance for doubtful accounts
Payables and accruals	Accrued liability
Tangible capital assets	Useful lives
Landfill closure	Landfill liability

Related party transactions

Effective for the fiscal period beginning on April 1, 2017, the Municipality was required to adopt Public Sector Accounting sections 2200, Related Party Disclosures and 3420 Inter-Entity Transactions, which establishes the disclosure requirements for reporting related party transactions. Management has determined that there are no related party transactions to disclose at this time.

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

1. Summary of significant accounting policies (continued)

Contractual rights

Effective for the fiscal period beginning on April 1, 2017, the Municipality was required to adopt Public Sector Accounting section 3380, Contractual rights, which establishes the disclosure requirements for contractual rights. Management has determined that there are no contractual rights to disclose at this time.

Valuation allowance

The Municipality provides a valuation allowance for estimated losses that will be incurred in collecting taxes, rates outstanding, and other receivables.

Tangible capital assets

Tangible capital assets and projects in progress are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Funds received through capital assistance programs, cost-sharing arrangements or loan forgiveness are treated as revenue in the year they are earned.

Assets under construction are not amortized until the asset is available for productive use. Funding related to the purchase of capital assets is recorded as revenue when received. Donated assets are recorded at their estimated fair value at time of acquisition. The Municipality does not capitalize interest as part of the costs of its capital assets.

Amortization for capital assets is presented in the financial statements and is calculated on a straight-line basis over an asset's estimated useful life less any residual value as follows:

Land improvements	25 years
Buildings	40 years
Plants	25 years
Machinery and equipment	5-15 years
Vehicles	5 years
Streets, roads and curbs	30 years
Sidewalks	20 years
Sewer lines	50 years
Leasehold improvements	5 years
Computer software	5 years

Financial instruments

The fair values of cash, receivables and payables are assumed to approximate their carrying amounts because of their short term to maturity. The fair value of long-term debt is assumed to approximate its carrying amount.

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

1. Summary of significant accounting policies (continued)

Concentrations of credit risk

Concentrations of credit risk exist if a number of customers are engaged in similar economic activities or are located in the same geographic region, and indicate the relative sensitivity of the Municipality's performance to developments affecting a particular segment of borrowers or geographic region. Geographic credit risk exists for the Municipality due to most of its service being provided in the Municipality of the District of Clare. The exposure to credit risk associated with the non-performance of these customers can be directly impacted by a decline in economic conditions which would impair the customers' ability to satisfy their obligations to the Municipality of the District of Clare. In order to reduce this economic risk, the Municipality has comprehensive credit procedures in place whereby analyses are performed to control the collection of amounts due to it with regards to other receivables.

Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Municipality is directly responsible and accepts responsibility;
- it is expected that the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made

The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

Related party transactions

Effective for the fiscal period beginning on April 1, 2017, the Municipality was required to adopt Public Sector Accounting sections 2200, Related Party Disclosures and 3420 Inter-Entity Transactions, which establishes the disclosure requirements for reporting related party transactions. Management has determined that there are related party transactions to disclose at this time.

Contractual rights

Effective for the fiscal period beginning on April 1, 2017, the Municipality was required to adopt Public Sector Accounting section 3380, Contractual rights, which establishes the disclosure requirements for contractual rights. Management has determined that there are no contractual rights to disclose at this time.

Segmented information

The Municipality of the District of Clare is a diversified municipal unit that provides a wide range of services to its citizens. For management reporting purposes the Municipality's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

1. Summary of significant accounting policies (continued)

Municipal services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows.

General Government Services

This department is responsible for the overall financial and local government administration. Its tasks include tax billings and payments, accounts payable and receivables, budgets and financial statements, the Municipal Government Act, administration and maintenance of bylaws and change of address.

Protective Services

This department is responsible for ensuring the safety of the residents. Its tasks include bylaw enforcement, animal control, emergency measures and maintaining the radio dispatch system.

Transportation Services

This department is responsible for transportation services within the Municipality. Its tasks include maintaining sidewalks and street lighting.

Environmental Health Services

This department is responsible for the maintenance and operations of waste and sewer services provided to residents and other customers. Its tasks include recycling, composting and sewer hook-up.

Public Health and Welfare Services

This department is responsible for recruiting doctors and maintaining a consistent level of medical services within the Municipality.

Environmental Development Services

This department is responsible for the planning and development within the Municipality. Its tasks include developing strategies and planning reports, issuing development permits and approving subdivision applications.

Recreation and Cultural Services

This department is responsible for promoting and offering recreation opportunities and activities to the Municipality's residents.

2. Contributions to Boards and Commissions

a) Boards in which the Municipality has a vested interest

The Municipality of the District of Clare has a vested interest in the Villa Acadienne which is substantially funded and controlled by the Province of Nova Scotia. At period end, the corporation had consolidated accumulated net assets of \$915,403 (2017 - \$939,044).

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

The Municipality of the District of Clare is required to finance the operations of various Boards and Commissions, along with other Municipal Units based on assessment or population formula.

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

2. Contributions to Boards and Commissions (continued)

In addition to any budgeted contributions, the Municipal Units share in the deficits or surpluses of these Boards based on their sharing percentages. A Municipal Unit's share of the deficit is to be paid in the next fiscal year while a surplus is to be taken into the next year's estimates.

Regional Housing Authority - 10% Interest

During the year, the Municipality of the District of Clare has accrued \$35,448 (2017 - \$49,593) as owing to the Regional Housing Authority to fund its share of the deficit.

Regional Library - 14.7% Interest

During the year, the Municipality of the District of Clare paid \$53,377 (2017 - \$53,377) to the Regional Library. Grants from the provincial government pertaining to the Regional Library are received directly by the Library commencing in 1988.

Western Region Solid Waste Resource Management Committee (Waste Check)

During the year, the Municipality contributed \$22,410 (2017- \$19,814) as its share of the operation of The Western Region Solid Waste Resource Management Committee.

Western Region Enterprise Network – 16.67% Interest

During the year, the Municipality contributed \$45,621 (2017 - \$52,990) as its share of the operation of the Western Regional Enterprise Network.

3. Taxes Receivable			<u>2018</u>	<u>2017</u>
	<u>Current year</u>	<u>Prior years</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ 475,383	\$ 475,383	\$ 488,585
Current year's tax levy	6,569,133	-	6,569,133	6,783,730
Interest	97,379	-	97,379	97,092
	<u>6,666,512</u>	<u>475,383</u>	<u>7,141,895</u>	<u>7,369,407</u>
Deduct				
Current year's collections	6,082,862	422,230	6,505,092	6,803,913
Write-offs, by by-law	-	-	-	-
Reduced taxes	90,225	-	90,225	88,511
	<u>6,173,087</u>	<u>422,230</u>	<u>6,595,317</u>	<u>6,892,454</u>
Balance, before allowance	493,425	53,153	546,578	476,983
Less: valuation allowance	-	1,600	1,600	1,600
Balance, end of year	<u>\$ 493,425</u>	<u>\$ 51,553</u>	<u>\$ 544,978</u>	<u>\$ 475,383</u>

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

4. Special assessments	<u>2018</u>	<u>2017</u>
Meteghan sewer		
Frontage	\$ 18,782	\$ 18,316
Service	<u>3,938</u>	<u>2,251</u>
	<u>22,720</u>	<u>20,567</u>
Belliveau's Cove sewer		
Service	<u>(200)</u>	<u>250</u>
Church Point sewer		
Service	<u>525</u>	<u>450</u>
	<u>\$ 23,045</u>	<u>\$ 21,312</u>

User fees are assessed to ratepayers connected to the sewer systems. Revenue is included in income when collected. Capital fees are assessed to ratepayers in Meteghan, Church Point and Belliveau's Cove. As capital fees on the sewer system are received, they will be transferred to the capital reserve of the Municipality.

5. Other receivables	<u>2018</u>	<u>2017</u>
Landfill tipping fees	\$ 35,611	\$ 33,782
Deed transfer tax	7,972	3,538
Other	<u>52,067</u>	<u>35,447</u>
	<u>\$ 95,650</u>	<u>\$ 72,767</u>

6. School capital fund

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

Under the Public Sector Accounting policies for Tangible Capital Assets these schools are not considered property of the Municipality and therefore have been removed from their accounting records.

7. Tax sale surplus

Cash proceeds from tax sales in excess of the arrears taxes receivable are deposited in a separate bank account and are restricted for a period of 20 years.

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

8. Commitments

On May 30, 2016 the Municipality accepted a five year tender with Waste Co Ltd. to provide refuse collection and disposal services. Fees for the service over the next three years are as follows:

2019	\$ 495,374
2020	520,143
2021	546,150

On October 16, 2013, Council agreed to sign a letter of intent to enter into a minimum five year agreement with the Regional Enterprise Network. The next year of the agreement would require the Municipality to contribute \$45,621.

9. Remuneration

The total remuneration (including non-taxable allowances) paid to councilors and the chief administrative officer during the year ended March 31, 2018 were as follows:

Council Members	<u>Honorarium</u>
Ronnie LeBlanc - Warden	\$ 30,613
Nil Doucet – Deputy Warden	22,042
Daniel Hill	19,592
Hector Thibault	19,592
Eric Pothier	19,592
Yvon LeBlanc	19,592
Brian Comeau	19,592
Carl Deveau	19,592
	<u>\$ 170,207</u>
Administrative employee	<u>Salaries</u>
Chief Administrative Officer	<u>\$ 97,000</u>

10. Uncollectible taxes

The Municipal policy on uncollectible taxes requires management to provide a reasonable estimate of amounts considered as uncollectible. Current year valuation allowances for taxes receivable were estimated at \$1,600 (2017 - \$1,600) and have been applied against taxes.

11. Defined contribution pension plan

During the year the Municipality contributed \$55,637 (2017 - \$60,084) to their employees defined contribution pension plans. As of March 31, 2018, there were no required future contributions in respect of past service and all contributions required under the plan had been funded.

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

12. Defined benefit pension plan

The Municipality of the District of Clare sponsors a contributory defined benefit pension plan for a retired Municipal Clerk. The plan provides pension benefits for services after August 1, 1975, benefits are determined using a final average salary formula in which the benefit is calculated as a specified percentage of the member's average salary over the last five years of membership in the plans.

Actuarial valuations for accounting purposes are performed triennially using the projected unit credit method. The most recent actuarial valuation was prepared at March 31, 2017 and at that time the pension plan had an accrued benefit asset of \$24,701.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Municipalities' best estimates.

The following summarizes the major assumptions in the valuation:

- the expected inflation rate is 2%;
- the discount rate used to determine the accrued benefit obligation is 4.5%;
- the expected rate of return is 5%; and
- retirement age is 65.

Pension fund assets are valued at market values. Results of the 2017 valuation are as follows:

Market value of the pension plan asset	\$ 406,134
Accrued benefit obligation	<u>381,433</u>
Pension plan asset	<u>\$ 24,701</u>

Under Nova Scotia Pension Plan regulations, the Municipality has 15 years to fund any deficit arising from the valuation.

13. Line of credit

The Municipality has an operating line of credit at the Caisse populaire de Clare in the amount of \$800,000. As of March 31, 2018 it was not drawn on.

14. Due from fire departments

The annual area rates collected in excess of capital expenditures can be used to reduce the balance owing from the fire departments, while capital expenditure in excess of the area rates increase the debt. During the year, the Municipality's area rate collections were in excess of capital expenditures and \$97,590 was applied against the receivable. The debt does not bear interest.

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

15. Reserves 2018 2017

The following are the balances of the reserves at the end of the year:

Capital		
Landfill	\$ 15,679	\$ 12,208
Other	<u>2,984,945</u>	<u>2,664,133</u>
	3,000,624	2,676,341
Operating	<u>1,299,899</u>	<u>436,048</u>
	\$ 4,300,523	\$ 3,112,389

The reserves funds represent accumulated monies set aside for future use of the Municipality. Expenditures by the operating and landfill reserves are subject to approval by council. Expenditures made by the capital reserve are restricted to items that are capital in nature.

The Municipality operated a landfill which closed on December 31, 2005. As of March 31, 2018, the Municipality has a recorded liability in the amount of \$303,336 and the funds required to fulfill this commitment have been set aside. A determination of the cost to complete this closure was based on information obtained by management which includes the final capping of the site, as well as, annual maintenance costs. As the site is closed the expenditures will reduce the landfill liability as appropriate.

16. Long-term debt

	Balance April 1, <u>2017</u>	<u>Issued</u>	<u>(Repaid)</u>	Balance March 31, <u>2018</u>	<u>Interest</u>
Municipal Finance Corporation, 1.845% to 3.489%, due 2029	\$ 640,001	-	\$ (53,333)	\$ 586,668	17,358
Municipal Finance Corporation, 5.01% to 5.095%, due 2019	<u>1,500,000</u>	-	<u>(125,000)</u>	<u>1,375,000</u>	<u>76,319</u>
	\$ 2,140,001	\$ -	\$ (178,333)	\$ 1,961,668	\$ 93,677

Principal payments on capital debt and notes payable required during the next five years are as follows:

2019	\$ 178,333
2020	178,333
2021	178,333
2022	178,333
2023	178,333

Municipality of the District of Clare
Notes to the Consolidated Financial Statements

March 31, 2018

17. Tangible capital assets

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Plant</u>	<u>Sidewalk</u>	<u>Sewer</u>
Cost						
Balance, beginning of year	\$ 188,662	\$ 938,701	\$ 6,823,122	\$ 1,434,665	\$ 322,815	\$ 6,799,856
Acquisition of tangible capital assets	4,900	29,957	500,766	-	-	137,682
Disposal of tangible capital assets	-	-	(128,805)	-	-	-
Balance, end of year	<u>194,562</u>	<u>968,658</u>	<u>7,195,083</u>	<u>1,434,665</u>	<u>322,815</u>	<u>6,937,538</u>
Accumulated amortization						
Balance, beginning of year	-	442,490	2,065,119	1,434,665	322,815	1,974,171
Annual amortization	-	37,717	161,494	-	-	133,744
Disposal of tangible capital assets	-	-	(14,585)	-	-	-
Balance, end of year	-	<u>480,207</u>	<u>2,212,028</u>	<u>1,434,665</u>	<u>322,815</u>	<u>2,107,915</u>
Net book value of tangible capital assets	<u>\$ 194,562</u>	<u>\$ 488,451</u>	<u>\$ 4,983,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,829,623</u>

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

17. Tangible capital assets (continued)

	<u>Equipment & Machinery</u>	<u>Computer Software</u>	<u>Vehicles</u>	<u>Leaseholds</u>	<u>2018 Total</u>	<u>2017 Total</u>
Cost						
Balance, beginning of year	\$ 1,856,529	\$ 58,996	\$ 178,566	\$ 1,593,294	\$ 20,195,206	\$ 19,387,891
Acquisition of tangible capital assets	109,332	-	20,840	-	804,477	807,315
Disposal of tangible capital assets	-	-	(23,502)	-	(152,307)	-
Balance, end of year	<u>1,965,861</u>	<u>58,996</u>	<u>175,904</u>	<u>1,593,294</u>	<u>20,847,376</u>	<u>20,195,206</u>
Accumulated amortization						
Balance, beginning of year	1,033,546	54,614	151,439	1,593,294	9,072,153	8,603,934
Annual amortization	121,072	1,252	33,097	-	488,376	468,219
Disposal of tangible capital assets	-	-	(23,502)	-	(38,087)	-
Balance, end of year	<u>1,154,618</u>	<u>55,866</u>	<u>161,034</u>	<u>1,593,294</u>	<u>9,522,442</u>	<u>9,072,153</u>
Net book value of tangible capital assets	<u>\$ 811,243</u>	<u>\$ 3,130</u>	<u>\$ 14,870</u>	<u>\$ -</u>	<u>\$ 11,324,934</u>	<u>\$ 11,123,053</u>

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

18. Segment disclosure

	General Government	Protective	Transportation	Environmental Health	Public Health & Welfare	Environmental Development	Recreation & Culture	Transfers to Other Agencies	Interest	2018 Total	2017 Total
Revenue											
Taxes	\$ 952,287	\$ 1,414,980	\$ 70,892	\$ 1,271,743	\$ 469,580	\$ 310,845	\$ 536,157	\$ 28,442	\$ 75,162	\$ 5,130,088	\$ 5,100,438
Grants in lieu of taxes	25,855	38,416	1,925	34,527	12,749	8,439	14,556	772	2,041	139,280	139,104
Services provided to other governments	-	-	-	311,037	-	-	-	-	-	311,037	317,591
Other revenue from own sources	671,031	-	-	-	-	-	-	-	-	671,031	634,501
Unconditional transfers from other governments	347,146	-	-	-	-	-	-	-	-	347,146	328,683
Conditional transfers from federal and provincial governments and agencies	369,798	-	-	-	-	44,686	-	-	-	414,484	548,579
Interest	-	-	-	-	-	-	-	-	153,665	153,665	163,882
Other	5,900	-	-	-	-	-	-	-	-	5,900	109
	<u>2,372,017</u>	<u>1,453,396</u>	<u>72,817</u>	<u>1,617,307</u>	<u>482,329</u>	<u>363,970</u>	<u>550,713</u>	<u>29,214</u>	<u>230,868</u>	<u>7,172,631</u>	<u>7,232,887</u>
Expenses											
Salaries and benefits	544,747	136,112	-	209,493	322,588	157,920	225,166	-	-	1,596,026	1,627,745
Administration	591,710	1,624,960	88,356	1,056,574	158,522	229,498	430,772	35,448	-	4,215,840	4,411,455
Amortization	50,508	2,472	-	318,955	104,146	-	12,295	-	-	488,376	468,219
Interest	-	-	-	-	-	-	-	-	93,677	93,677	99,626
	<u>1,186,965</u>	<u>1,763,544</u>	<u>88,356</u>	<u>1,585,022</u>	<u>585,256</u>	<u>387,418</u>	<u>668,233</u>	<u>35,448</u>	<u>93,677</u>	<u>6,393,919</u>	<u>6,607,045</u>
Annual surplus (deficit) before the undernoted	1,185,052	(310,148)	(15,539)	32,285	(102,927)	(23,448)	(117,520)	(6,234)	137,191	778,712	625,842
Loss on disposal of tangible capital assets	(114,220)	-	-	-	-	-	-	-	-	(114,220)	-
Annual surplus (deficit)	<u>\$1,070,832</u>	<u>\$ (310,148)</u>	<u>\$ (15,539)</u>	<u>\$ 32,285</u>	<u>\$(102,927)</u>	<u>\$ (23,448)</u>	<u>\$(117,520)</u>	<u>\$(6,234)</u>	<u>\$ 137,191</u>	<u>\$ 664,492</u>	<u>\$ 625,842</u>

Municipality of the District of Clare

Notes to the Consolidated Financial Statements

March 31, 2018

19. Budget figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations and statement of changes in net assets has been adjusted to be on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statements:

	Approved Fiscal Plan	Adjustments	Fiscal Plan Per Financial Statements
Revenues			
Taxes	\$ 7,154,174	\$ (2,035,942)	\$ 5,118,232
Grants in lieu of taxes	139,283	-	139,283
Services provided to other governments	330,000	-	330,000
Other revenue from own sources	813,281	(134,000)	679,281
Unconditional transfers from other governments	299,758	-	299,758
Conditional transfers from federal and provincial governments and agencies	-	270,000	270,000
Interest	-	134,000	134,000
Other transfers	<u>270,000</u>	<u>(270,000)</u>	<u>-</u>
	<u>9,006,496</u>	<u>(2,035,942)</u>	<u>6,970,554</u>
Expenditures			
General government services	1,377,343	(39,492)	1,337,851
Protective services	2,066,906	(208,796)	1,858,110
Transportation services	106,739	-	106,739
Environmental health services	1,366,922	318,955	1,685,877
Public health and welfare services	507,282	102,921	610,203
Environmental development services	404,405	-	404,405
Recreational and cultural services	865,991	12,295	878,286
Education	1,733,449	(1,733,449)	-
Transfers to other agencies	577,459	(542,011)	35,448
Interest	<u>-</u>	<u>93,678</u>	<u>93,678</u>
	<u>9,006,496</u>	<u>(1,995,899)</u>	<u>7,010,597</u>
Annual surplus (deficit) before the undernoted	-	(40,043)	(40,043)
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Annual surplus (deficit)	<u>\$ -</u>	<u>\$ (40,043)</u>	<u>\$ (40,043)</u>

Municipality of the District of Clare

Consolidated Schedules to Statement of Operations

Year Ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
1. Taxes			
Assessable property			
Residential	<u>\$ 4,733,374</u>	<u>\$ 4,733,687</u>	<u>\$ 4,659,300</u>
Commercial	<u>1,337,438</u>	<u>1,337,231</u>	<u>1,361,662</u>
Resource			
Taxable assessments	463,256	463,256	448,583
Forest property tax			
Less than 50,000 acres	25,208	25,208	25,677
50,000 acres or more	<u>8,526</u>	<u>8,526</u>	<u>8,960</u>
	<u>496,990</u>	<u>496,990</u>	<u>483,220</u>
Area rates			
Fire	281,960	282,195	278,498
Street lights	21,891	22,721	26,274
Sewer	<u>137,600</u>	<u>138,350</u>	<u>129,705</u>
	<u>441,451</u>	<u>443,266</u>	<u>434,477</u>
Special Assessments			
Frontage - Meteghan sewer	<u>6,000</u>	<u>5,514</u>	<u>30,864</u>
Business property			
Based on revenue (Aliant)	37,105	37,105	42,479
Nova Scotia Power Corporation	5,905	5,905	5,939
Power Corporation (HST rebate)	<u>14,686</u>	<u>15,607</u>	<u>14,686</u>
	<u>57,696</u>	<u>58,617</u>	<u>63,104</u>
Other			
Deed transfer tax	<u>80,000</u>	<u>89,961</u>	<u>83,587</u>
Reduction of tax revenues			
School board appropriation	(1,733,449)	(1,733,449)	(1,720,643)
Reduced taxes and write offs	(90,000)	(90,225)	(88,511)
Fire Fighting – area rate	<u>(211,268)</u>	<u>(211,504)</u>	<u>(206,622)</u>
	<u>(2,034,717)</u>	<u>(2,035,178)</u>	<u>(2,015,776)</u>
	<u>\$ 5,118,232</u>	<u>\$ 5,130,088</u>	<u>\$ 5,100,438</u>
2. Grants in lieu of taxes			
Federal government	\$ 21,500	\$ 21,428	\$ 16,840
Provincial government			
Property of supported institutions	<u>117,783</u>	<u>117,852</u>	<u>122,264</u>
	<u>\$ 139,283</u>	<u>\$ 139,280</u>	<u>\$ 139,104</u>

Municipality of the District of Clare

Consolidated Schedules to Statement of Operations

Year Ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
3. Services provided to other governments			
Landfill tipping fees	\$ 330,000	\$ 311,037	\$ 317,591
4. Other revenue from own sources			
Fines	\$ 16,000	\$ 34,124	\$ 17,316
Rentals	348,748	356,180	335,741
Building permits	25,000	32,825	23,617
Tourism	30,675	32,560	33,236
Cape St Mary's Lighthouse Park	83,512	-	-
Registration fees	7,100	5,490	7,250
Recreation services	42,746	46,533	35,925
Gran Fondo	115,000	102,387	98,625
Miscellaneous	10,500	60,932	82,791
	<u>\$ 679,281</u>	<u>\$ 671,031</u>	<u>\$ 634,501</u>
5. Unconditional transfers from other governments			
Provincial government			
Other grants	\$ 10,124	\$ 20,215	\$ 10,123
Tourism	6,547	40,952	33,739
Municipal Grants Act (operating)	223,087	223,087	223,087
CHC operating grant	60,000	62,892	61,734
	<u>\$ 299,758</u>	<u>\$ 347,146</u>	<u>\$ 328,683</u>
6. Conditional transfers from federal and provincial governments and agencies			
Sewer Extensions / Upgrades	\$ -	\$ 369,798	\$ 285,895
Provincial Gas Tax	270,000	44,686	262,684
	<u>\$ 270,000</u>	<u>\$ 414,484</u>	<u>\$ 548,579</u>
7. Interest			
Penalties and interest on taxes	\$ 114,000	\$ 97,767	\$ 113,672
Return on investments - Operating	20,000	22,945	23,653
Return on investments - Reserves and capital	-	32,944	26,557
	<u>\$ 134,000</u>	<u>\$ 153,656</u>	<u>\$ 163,882</u>
8. Other			
Other revenue	\$ -	\$ 5,900	\$ 109
Total revenues	<u>\$ 6,970,554</u>	<u>\$ 7,172,622</u>	<u>\$ 7,232,887</u>

Municipality of the District of Clare

Consolidated Schedules to Statement of Operations

Year Ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
9. General government services			
Legislative			
Council and committee	\$ 166,733	\$ 164,787	\$ 161,672
Conventions	<u>30,000</u>	<u>20,790</u>	<u>18,085</u>
	<u>196,733</u>	<u>185,577</u>	<u>179,756</u>
General administrative			
Administrative	696,822	592,977	657,311
Amortization	50,508	50,508	51,589
Taxation			
Administration	39,500	26,571	42,663
Transfers to assessment services	<u>250,788</u>	<u>250,788</u>	<u>250,291</u>
	<u>1,037,618</u>	<u>920,844</u>	<u>1,001,854</u>
Other general government services			
Conventions	25,000	18,676	20,576
Grants to other organizations and individuals	45,000	42,125	54,143
General and liability insurance	33,500	31,282	34,721
Other	<u>-</u>	<u>(11,539)</u>	<u>25,429</u>
	<u>103,500</u>	<u>80,544</u>	<u>134,870</u>
	<u>\$ 1,337,851</u>	<u>\$ 1,186,965</u>	<u>\$ 1,316,481</u>
10. Protective services			
Law enforcement			
R.C.M.P. administration	\$ 1,134,775	\$ 1,107,539	\$ 1,063,111
By-law enforcement	4,000	1,184	1,510
Unightly premises	1,000	146	515
Correction centres	<u>121,793</u>	<u>121,793</u>	<u>122,534</u>
	<u>1,261,568</u>	<u>1,230,662</u>	<u>1,187,670</u>
Fire protection			
Fire Fighting Force	<u>322,803</u>	<u>293,071</u>	<u>297,814</u>
Emergency Measures			
EMO	18,000	14,695	15,879
Senior security	36,651	36,651	36,003
Civic numbering	<u>8,500</u>	<u>2,634</u>	<u>417</u>
	<u>63,151</u>	<u>53,980</u>	<u>52,299</u>
Other			
Amortization	2,472	2,472	2,472
Animal and pest control	21,600	17,215	18,475
Building inspector	<u>186,516</u>	<u>166,144</u>	<u>161,095</u>
	<u>210,588</u>	<u>185,831</u>	<u>182,042</u>
	<u>\$ 1,858,110</u>	<u>\$ 1,763,544</u>	<u>\$ 1,719,825</u>

Municipality of the District of Clare

Consolidated Schedules to Statement of Operations

Year Ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
11. Transportation services			
Sidewalk maintenance	\$ 50,348	\$ 43,204	\$ 41,272
Street lighting	21,891	21,860	21,264
Public transit	23,000	23,000	23,000
Engineering roads	-	292	4,006
Signs	<u>11,500</u>	<u>-</u>	<u>-</u>
	<u>\$ 106,739</u>	<u>\$ 88,356</u>	<u>\$ 89,542</u>
12. Environmental health services			
Public works	\$ 17,659	\$ 11,757	\$ 17,061
Treatment plant operations - Meteghan	131,577	125,775	103,563
Treatment plant operations - Church Point	17,800	15,625	19,180
Treatment plant operations - Belliveau Cove	16,800	15,283	15,599
Amortization	318,955	318,955	304,286
Garbage and waste collection and disposal			
Municipal collection	400,482	368,641	466,719
Blue bag sorting	107,000	86,092	83,280
Dump operation	200,329	166,073	236,653
Queens tipping fees	328,588	324,998	322,727
Regional solid waste management	15,000	12,542	12,555
Organic processing	63,000	68,419	60,414
Landfill closure costs	43,777	47,952	19,750
Beach cleanup	2,500	500	-
Western Regional Solid Waste Resource Management Authority	<u>22,410</u>	<u>22,410</u>	<u>19,814</u>
	<u>\$ 1,685,877</u>	<u>\$ 1,585,022</u>	<u>\$ 1,681,601</u>
13. Public Health and Welfare services			
Other health			
Amortization	\$ 104,146	\$ 104,146	\$ 100,332
Clare Health Centre	504,557	479,872	443,321
Doctor recruitment	<u>1,500</u>	<u>1,238</u>	<u>635</u>
	<u>\$ 610,203</u>	<u>\$ 585,256</u>	<u>\$ 544,288</u>
14. Environmental development services			
Planning and zoning	\$ 9,000	\$ 4,342	\$ 8,648
Regional Development Authority	45,621	45,621	52,990
WREN – internet	-	18,596	-
Sub-division regulations	2,000	5,589	7,987
Economic/community development	211,044	179,721	126,714
Gran Fondo	115,000	122,121	98,625
Watershed planning	13,740	7,614	27,788
By-law planning	<u>8,000</u>	<u>3,814</u>	<u>2,244</u>
	<u>\$ 404,405</u>	<u>\$ 387,418</u>	<u>\$ 324,996</u>

Municipality of the District of Clare

Consolidated Schedules to Statement of Operations

Year Ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
15. Recreation and cultural services			
Administration	\$ 248,043	\$ 202,476	\$ 290,029
Amortization	12,295	12,295	9,540
Festival Acadien de Clare	23,000	23,500	21,000
Société Historique	805	805	805
USA infrastructure	25,000	25,000	25,000
Tourism	225,760	196,458	195,363
Cape St Mary's Lighthouse Park	83,512	-	-
Transfers to regional libraries	53,377	53,377	53,377
Veteran Centre	39,058	46,019	55,374
Municipal parks	15,700	12,197	9,865
Meteghan Library	37,300	29,995	22,044
Havelock School	1,012	2,123	1,133
Cultural Hub	22,000	18,067	19,512
Eco park	83,924	33,784	30,562
St. Bernard Community Hall	7,500	12,137	7,489
	<u>\$ 878,286</u>	<u>\$ 668,233</u>	<u>\$ 741,093</u>
16. Transfers to other agencies			
Yarmouth International Airport Corporation	\$ -	\$ -	\$ 40,000
Deficit of Tri-County Housing Authority	35,448	35,448	49,593
	<u>\$ 35,448</u>	<u>\$ 35,448</u>	<u>\$ 89,593</u>
17. Interest	<u>\$ 93,678</u>	<u>\$ 93,677</u>	<u>\$ 99,626</u>
Total expenses	<u>\$ 7,010,597</u>	<u>\$ 6,393,919</u>	<u>\$ 6,607,045</u>