

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014



Belliveau Veinotte Inc.
CHARTERED ACCOUNTANTS

A Member Firm of The AC Group of Independent Accounting Firms Limited

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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MUNICIPALITY OF THE DISTRICT OF SHELBURNE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

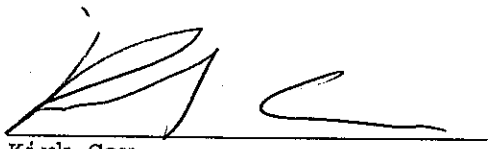
Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Municipality Of The District Of Shelburne (the "Municipality") is the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. 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.

The Municipality's management maintains a system of internal controls 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. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Belliveau Veinotte Inc., independent external auditors appointed by the Municipality. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Kirk Cox
Chief Administrative Officer



Matt MacInnis, CA
Director of Finance



Belliveau Veinotte Inc.
CHARTERED ACCOUNTANTS

A Member Firm of The AC Group of Independent Accounting Firms Limited

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INDEPENDENT AUDITORS' REPORT

March 9, 2015

To The Warden And Members Of The Council
Municipality Of The District Of Shelburne

We have audited the accompanying consolidated statement of financial position of the Municipality Of The District Of Shelburne as at March 31, 2014, and the consolidated statements of financial activities, changes in financial position and changes in net financial assets (liabilities) for the year then ended, and the related notes, which comprise 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.

Auditors' 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

Independent Auditors' Report to the Warden and Members of The Council of the
Municipality Of The District Of Shelburne (continued)

In making those risk assessments, we consider internal control relevant to the Municipality'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 Municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipality Of The District Of Shelburne as at March 31, 2014, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Belliveau Veinotte Inc.

REGISTERED MUNICIPAL AUDITORS
CHARTERED ACCOUNTANTS

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

CONSOLIDATED STATEMENT OF OPERATIONS

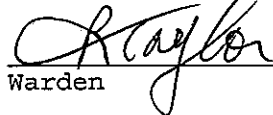
FOR THE YEAR ENDED MARCH 31, 2014

	Page	2014		2013
		Budget	Actual	Actual
Revenue				
Assessable property taxes	8	\$ 4,959,939	\$ 4,905,282	\$ 4,842,070
Grants in lieu of taxes	8	211,922	235,706	208,848
Services provided to other governments	9	246,962	245,417	246,962
Sale of services	9	66,800	79,676	74,106
Other revenue from own sources	9	214,037	218,685	230,409
Unconditional transfers from other governments	9	75,938	76,818	67,050
Conditional transfers from Federal or Provincial Government and its agencies	10	2,895	2,629	3,184
Interest	10	-	13,307	1,728
Other	10	50,000	24,918	8,534
Other transfers from own funds	10	17,050	16,650	17,242
Infrastructure funding	10	-	427,744	108,338
Shared Services	10	587,559	592,599	524,596
		<u>6,433,102</u>	<u>6,839,431</u>	<u>6,333,067</u>
Expenditures				
General government services	11	1,020,105	938,932	922,219
Protection services	12	1,143,481	1,094,391	1,072,831
Transportation services	12	231,567	237,787	226,006
Environmental health services	12	91,827	58,031	64,839
Public health and welfare services	12	500	549	574
Environmental development services	13	192,456	68,969	88,989
Recreation and cultural services	13	319,235	240,772	245,003
District Grant expenditures	14	35,000	23,834	34,276
Fiscal services	13-14	1,564,842	1,492,635	1,428,378
Kids Fair Play expenditures	14	-	22,649	11,649
Amortization	14	90,000	320,881	294,375
Shared Services	14	1,244,304	1,245,555	1,167,981
		<u>5,933,317</u>	<u>5,744,985</u>	<u>5,557,120</u>
NET OPERATING SURPLUS		<u>\$ 499,785</u>	<u>\$ 1,094,446</u>	<u>\$ 775,947</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
Financial Assets		
Cash (note 1)	\$ 561,334	\$ 719,702
Tax sale surplus (note 3)	245,961	257,579
Receivables (note 4)	1,670,729	1,169,838
Investments, term deposits at cost plus accrued interest	<u>1,044,169</u>	<u>1,032,436</u>
	<u>3,522,193</u>	<u>3,179,555</u>
Liabilities		
Short term borrowings (note 6)	377,107	611,090
Payables (note 7)	265,450	414,106
Prepayments of taxes	-	-
Tax sale surplus (note 3)	245,961	257,579
Employee future benefits (note 8)	-	-
Deferred revenue	12,913	12,607
Long-term debt (note 9)	<u>41,671</u>	<u>55,916</u>
	<u>943,102</u>	<u>1,351,298</u>
Net Financial Assets (page 7)	<u>2,579,091</u>	<u>1,828,257</u>
Non-Financial Assets		
Vested properties	4,152	4,152
Prepays	21,866	51,682
Tangible capital assets (note 12)	<u>5,027,018</u>	<u>4,656,990</u>
	<u>5,053,036</u>	<u>4,712,824</u>
Net Assets	<u>\$ 7,632,127</u>	<u>\$ 6,541,081</u>
Municipal Position		
General Operating Fund	\$ 230,107	\$ (470,517)
General Capital Fund	1,328,594	1,219,466
Reserve Funds (note 13)	<u>2,737,549</u>	<u>2,828,551</u>
	4,296,250	3,577,500
Investment in capital assets (note 14)	<u>3,335,877</u>	<u>2,963,581</u>
Total Municipal Position	<u>\$ 7,632,127</u>	<u>\$ 6,541,081</u>
Contingencies (note 15)		

Approved on behalf of the Municipality
of the District of Shelburne


Warden


Director of Finance

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
Operating activities		
Net operating surplus (deficit)	\$ 1,094,446	\$ 775,947
Item not affecting cash:		
Amortization	327,801	301,296
	<u>1,422,247</u>	<u>1,077,243</u>
Changes in non-cash working capital		
Increase in tax sale surplus asset	11,618	(48,213)
Increase in receivables	(500,891)	661,017
Increase in investments	(11,733)	(11,807)
Increase in payables and accruals	(148,656)	95,940
Increase in accrued employee benefits	-	(9,300)
(Decrease) increase in prepayment of taxes	-	-
Increase in tax sale surplus liability	(11,618)	48,213
Decrease (increase) in prepaids	26,419	39,932
Increase (decrease) in deferred revenue	306	(19,820)
	<u>(634,555)</u>	<u>755,962</u>
Net change in cash from operating activities	<u>787,692</u>	<u>1,833,205</u>
Financing activities		
Acquisition (repayment) of long-term debt	(14,245)	(83,936)
Net change in cash from financing activities	<u>(14,245)</u>	<u>(83,936)</u>
Capital activities		
Acquisition of capital assets	<u>(697,832)</u>	<u>(1,069,832)</u>
Net change in cash from capital activities	<u>(697,832)</u>	<u>(1,069,832)</u>
Net change in cash and cash equivalents	75,615	679,437
Cash net of short-term borrowings		
Beginning of year	<u>108,612</u>	<u>(570,825)</u>
End of year	<u>\$ 184,227</u>	<u>\$ 108,612</u>
Cash net of short-term borrowings reconciliation		
Cash	\$ 561,334	\$ 719,702
Short-term borrowings	<u>(377,107)</u>	<u>(611,090)</u>
	<u>\$ 184,227</u>	<u>\$ 108,612</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
 FOR THE YEAR ENDED MARCH 31, 2014

	2014		2013
	Budget	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$ 1,094,446	\$ 775,947
Acquisition of tangible capital assets	-	(697,832)	(1,069,832)
Amortization of tangible capital assets	90,000	327,801	301,296
Loss on disposal of tangible capital assets	-	-	-
Consumption (acquisition) of prepaids	-	26,419	39,933
Increase (decrease) in net financial assets	90,000	750,834	47,344
Net financial assets, beginning of year	<u>1,828,257</u>	<u>1,828,257</u>	<u>1,780,913</u>
Net financial assets, end of year	<u>\$ 1,918,257</u>	<u>\$ 2,579,091</u>	<u>\$ 1,828,257</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>		<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Taxes			
Assessable property			
Residential	\$ <u>3,508,975</u>	\$ <u>3,488,849</u>	\$ <u>3,415,270</u>
Commercial			
Based on taxable assessments	<u>520,391</u>	<u>506,408</u>	<u>516,229</u>
Resource			
Based on taxable assessments	688,045	664,040	661,336
Forest property tax			
< 50,000 acres	16,000	16,148	15,702
> 50,000 acres	20,000	9,655	18,682
Fire protection	<u>26,500</u>	<u>31,834</u>	<u>31,260</u>
	<u>750,545</u>	<u>721,677</u>	<u>726,980</u>
Business property			
Based on revenue (Bell Aliant)	<u>30,028</u>	<u>31,929</u>	<u>30,028</u>
Other			
Deed transfer tax	<u>150,000</u>	<u>156,419</u>	<u>153,563</u>
	<u>150,000</u>	<u>156,419</u>	<u>153,563</u>
	<u>\$ 4,959,939</u>	<u>\$ 4,905,282</u>	<u>\$ 4,842,070</u>
Grants In Lieu Of Taxes			
Federal Government - property	\$ <u>7,110</u>	\$ <u>6,456</u>	\$ <u>7,110</u>
Federal Government Agencies			
Canadian Broadcasting Corporation	<u>319</u>	<u>319</u>	<u>-</u>
Provincial Government			
Property of Supported Institution	77,787	85,633	72,757
Fire Protection - Hayden Lake	550	557	546
Crown Timber Lands	<u>97,255</u>	<u>113,840</u>	<u>97,255</u>
	<u>175,592</u>	<u>200,030</u>	<u>170,558</u>
Nova Scotia Power Incorporated	<u>28,901</u>	<u>28,901</u>	<u>31,180</u>
	<u>\$ 211,922</u>	<u>\$ 235,706</u>	<u>\$ 208,848</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>		<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (continued)			
Services Provided To Other Governments			
Federal Government			
Federal gas tax rebate	\$ 246,962	\$ 245,417	\$ 246,962
	<u>\$ 246,962</u>	<u>\$ 245,417</u>	<u>\$ 246,962</u>
Sale Of Services			
Sewer services	\$ 64,300	\$ 74,430	\$ 69,850
Subdivision approval and suspense	<u>2,500</u>	<u>5,246</u>	<u>4,256</u>
	<u>\$ 66,800</u>	<u>\$ 79,676</u>	<u>\$ 74,106</u>
Other Revenue From Own Sources			
Rentals	\$ 62,066	\$ 63,342	\$ 58,487
Penalties and interest	120,000	126,583	138,921
Licenses and permits	850	1,035	865
Fines	6,121	6,223	7,425
Interest earned	5,000	4,235	12,162
Tax sale	15,000	13,000	681
Other	<u>5,000</u>	<u>4,267</u>	<u>11,868</u>
	<u>\$ 214,037</u>	<u>\$ 218,685</u>	<u>\$ 230,409</u>
Unconditional Transfers From Other Governments			
Provincial Government			
Municipal Grants Act And Other	<u>\$ 75,938</u>	<u>\$ 76,818</u>	<u>\$ 67,050</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

	2014		2013
	Budget	Actual	Actual
Revenue (continued)			
Recreation and cultural services			
Recreation	\$ 1,545	\$ 1,643	\$ 1,968
Resource recovery fund	<u>1,350</u>	<u>986</u>	<u>1,216</u>
	\$ <u>2,895</u>	\$ <u>2,629</u>	\$ <u>3,184</u>
Other Transfers			
Transfers from own reserves			
Debt service recovery	\$ 17,050	\$ 16,650	\$ 17,242
	\$ <u>17,050</u>	\$ <u>16,650</u>	\$ <u>17,242</u>
Interest	\$ -	\$ 13,307	\$ 1,728
Other	\$ <u>50,000</u>	\$ <u>24,918</u>	\$ <u>8,534</u>
Infrastructure funding	\$ -	\$ 427,744	\$ 108,338
Shared Services (page 15)			
Contributions from Municipal Units			
Town of Lockeport	\$ 124,693	\$ 124,683	\$ 111,863
Town of Shelburne	251,598	251,598	246,875
Service revenues	<u>211,268</u>	<u>216,318</u>	<u>165,858</u>
	\$ <u>587,559</u>	\$ <u>592,599</u>	\$ <u>524,596</u>
Total Revenue	\$ <u>6,433,102</u>	\$ <u>6,839,431</u>	\$ <u>6,333,067</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2014

Expenditures	2014		2013
	Budget	Actual	Actual
General Government Services			
Legislative			
Warden Honorarium	\$ 23,764	\$ 23,477	\$ 23,373
Councilors Honorarium	95,590	94,441	93,814
Other Council fees and costs	<u>32,052</u>	<u>18,683</u>	<u>20,172</u>
	<u>151,406</u>	<u>136,601</u>	<u>137,359</u>
General administrative			
Staff salaries	369,592	345,374	338,743
Staff benefits			
- Medical/dental plan	13,928	13,292	10,047
- Defined contribution pension plan	16,925	15,132	15,341
- Pension plan - past service	-	-	-
- Workers' compensation	4,513	5,089	4,922
- Canada Pension Plan	14,260	13,371	13,667
- Employment Insurance	<u>7,821</u>	<u>7,551</u>	<u>7,108</u>
	<u>427,039</u>	<u>399,809</u>	<u>389,828</u>
Contracted administrative support	21,000	21,883	28,556
Solicitor	32,000	18,163	9,458
Auditor and accounting services	17,374	6,361	16,269
Office - supplies	11,700	6,594	6,646
- postage	18,000	15,476	15,430
- telephone	15,000	23,067	16,286
- advertising	14,000	7,518	6,992
- computer	23,400	24,615	27,063
- equipment maintenance	2,400	6,115	5,222
Building services	101,146	100,036	106,248
Tax billing	2,500	3,231	1,081
Reduced taxes - individuals	22,000	22,970	17,931
- organizations	30,000	30,900	28,574
Allowances for losses on appeals	25,480	18,874	1,035
Tax sale expense	15,000	12,865	12,522
Other general administrative services	<u>31,404</u>	<u>17,852</u>	<u>17,584</u>
	<u>382,404</u>	<u>336,520</u>	<u>316,897</u>
Other general government services			
Conventions and dues	8,000	8,973	10,804
Elections	-	3,068	18,058
Grants to organizations and individuals	35,000	35,996	33,912
Liability insurance	<u>16,256</u>	<u>17,965</u>	<u>15,361</u>
	<u>59,256</u>	<u>66,002</u>	<u>78,135</u>
	<u>\$ 1,020,105</u>	<u>\$ 938,932</u>	<u>\$ 922,219</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2014

Expenditures (continued)	2014		2013
	Budget	Actual	Actual
Protection Services			
Law enforcement	\$ 619,370	\$ 619,219	\$ 606,276
Fire protection			
Grants to fire departments	339,077	326,292	316,546
Water supply hydrants and insurance	50,764	59,702	48,651
Radio license	3,313	3,313	3,313
Search and rescue	41,667	13,856	22,508
Emergency management office		<u>131</u>	<u>8,528</u>
	<u>434,821</u>	<u>403,294</u>	<u>399,546</u>
Animal control and by-law enforcement			
Salary	72,431	58,363	52,955
Vehicle	12,000	12,128	10,743
Other expenses	<u>4,859</u>	<u>1,387</u>	<u>3,311</u>
	<u>89,290</u>	<u>71,878</u>	<u>67,009</u>
	<u>\$ 1,143,481</u>	<u>\$ 1,094,391</u>	<u>\$ 1,072,831</u>
Transportation Services			
Street lighting	\$ 201,000	\$ 212,409	\$ 195,682
Class J roads	<u>30,567</u>	<u>25,378</u>	<u>30,324</u>
	<u>\$ 231,567</u>	<u>\$ 237,787</u>	<u>\$ 226,006</u>
Environmental Health Services			
Sewage collection and disposal			
Administration - salary	\$ 35,717	\$ 14,473	\$ 18,580
- other	<u>42,310</u>	<u>35,861</u>	<u>31,713</u>
	<u>78,027</u>	<u>50,334</u>	<u>50,293</u>
Garbage and waste collection and disposal			
Collection	<u>13,800</u>	<u>7,697</u>	<u>14,546</u>
	<u>\$ 91,827</u>	<u>\$ 58,031</u>	<u>\$ 64,839</u>
Public Health And Welfare Services			
Welfare			
Assistance	<u>\$ 500</u>	<u>\$ 549</u>	<u>\$ 574</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

Expenditures (continued)	2014		2013
	Budget	Actual	Actual
Environmental Development Services			
Community development			
Subdivision approval fees	\$ 500	\$ 100	\$ -
Economic development	93,000	9,339	19,620
ICSP implementation	20,000	17,489	21,382
Repopulation study	-	35,507	15,496
Other	78,956	6,534	32,491
	<u>\$ 192,456</u>	<u>\$ 68,969</u>	<u>\$ 88,989</u>
Recreation And Cultural Services			
Recreational facilities			
Administration			
- salaries and benefits	\$ 195,601	\$ 180,055	\$ 172,777
- seminars	1,600	603	785
- other	19,874	15,891	14,350
- grants, programs and maintenance	102,160	44,223	57,091
	<u>319,235</u>	<u>240,772</u>	<u>245,003</u>
	<u>\$ 319,235</u>	<u>\$ 240,772</u>	<u>\$ 245,003</u>
Fiscal Services			
Debt charges			
Interest on short-term borrowing			
General operations	\$ 16,000	\$ 6,575	\$ 6,603
Interest on long-term borrowing			
Debenture interest			
- Incinerator closure	-	-	1,488
- CGC fire department	3,251	3,251	3,042
Principal installments			
Debenture principal			
- CGC fire department	14,200	14,200	14,200
Transfer to own reserve funds and agencies			
Valuation allowance			
Uncollectible taxes	25,000	-	-
Contingency allowance	10,000	-	-

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2014

	2014		2013
	Budget	Actual	Actual
Expenditures (continued)			
Fiscal Services (continued)			
Conditional transfers to other governments and agencies			
Protective services	80,824	80,824	82,014
Public prosecution service	2,213	2,213	1,052
Regional assessment service	145,305	142,456	144,004
Fire protection	26,500	31,834	31,260
Regional Housing Authority(note 2(c))	13,070	12,685	13,070
Regional library Board(note 2(b))	28,904	29,155	29,155
Appropriation to District School Board	1,100,784	1,100,784	1,064,640
Unconditional transfers to other governments and agencies			
Shared Services			
- Other government	51,198	30,198	-
- South Shore Tourism Association	47,593	38,460	37,850
	<u>\$ 1,564,842</u>	<u>\$ 1,492,635</u>	<u>\$ 1,428,378</u>
District Grant expenditures	<u>\$ 35,000</u>	<u>\$ 23,834</u>	<u>\$ 34,276</u>
Kids Play Fair expenditures	<u>\$ -</u>	<u>\$ 22,649</u>	<u>\$ 11,649</u>
Amortization	<u>\$ 90,000</u>	<u>\$ 320,881</u>	<u>\$ 294,375</u>
Shared Services (page 15)	<u>\$ 1,244,304</u>	<u>\$ 1,245,555</u>	<u>\$ 1,167,981</u>
Total Expenditures	<u>\$ 5,933,317</u>	<u>\$ 5,744,985</u>	<u>\$ 5,557,120</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

SCHEDULE TO SHARED SERVICES OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

	2014		2013
	Budget	Actual	Actual
Revenue			
Contributions from Municipal Units			
Municipality of Shelburne (below)	\$ 656,745	\$ 656,745	\$ 636,011
Town of Lockeport	124,693	124,683	111,863
Town of Shelburne	<u>251,598</u>	<u>251,598</u>	<u>246,875</u>
	1,033,036	1,033,026	994,749
Correction centre contributions	66,268	64,914	48,500
Lockup fees	7,500	440	10,438
Diversion credit	35,500	37,213	37,283
Building Permit	19,500	18,488	180
Construction and demolition waste tipping fees	<u>82,500</u>	<u>95,263</u>	<u>69,457</u>
	<u>1,244,304</u>	<u>1,249,344</u>	<u>1,160,607</u>
Expenditures			
General government	5,500	3,809	7,978
Administration	64,890	63,370	62,092
Lock up expense	3,200	2,691	10,430
Protection of person and property	70,568	69,269	66,856
Building inspector's department	140,651	134,398	129,081
Waste diversion department	79,659	64,163	59,034
C & D waste department	163,623	197,449	144,508
Garbage collection and disposal	716,213	704,659	685,236
Social Welfare	-	5,747	2,766
	<u>1,244,304</u>	<u>1,245,555</u>	<u>1,167,981</u>
Excess revenues over expenditures	\$ <u>-</u>	\$ <u>3,789</u>	\$ <u>(7,374)</u>

The municipal contributions from the Municipality of the District of Shelburne of \$656,745 have been removed upon consolidation of the Shared Services Board statement of operations into the consolidated statement of operations of the Municipality of the District of Shelburne.

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

1. Significant Accounting Policies

The consolidated financial statements of the Municipality of the District of Shelburne are prepared by management in accordance with Canadian Public Sector Accounting Standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) 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 including the Shared Services.

Interdepartmental and organizational transactions and balances are eliminated.

(b) PSAB Standards

These financial statements have been prepared in accordance with the standards established by the Public Sector Accounting Board "PSAB" of the Canadian Institute of Chartered Accountants which are applicable to municipalities.

(c) Basis Of Accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

Fund from external sources and restricted by agreement or legislation are accounted for as deferred revenue until used for the specified purpose.

Government transfers are recorded as revenues in the period that events giving rise to the transfer occurred, providing they are authorized, the Municipality has met the eligibility criteria and a reasonable estimate of the amount can be made.

(d) Fund Accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

1. Significant Accounting Policies (continued)

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, or tangible capital assets is amortized on a straight line basis over their estimated useful lives in number of years as follows:

<u>Asset</u>	<u>Useful life - Years</u>
Buildings	40
Sewer lines	50
Treatment plants	25
Trucks and generators	5
Equipment	5

(f) School Capital Fund

School capital fund capital assets are recorded at cost. Financial records did not differentiate between various capital assets. School buildings are recorded at their insured value at the time of transfer of control to the District School Board. Grounds are recorded as the net cost unallocated to buildings.

(g) Valuation Allowance

Uncollected Taxes And Rates

The Municipality estimates an allowance that reflects management's best estimate of taxes and rates which will ultimately be Uncollectible in the future (see note 7).

(h) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the year. Where management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(i) Cash and cash equivalents

Cash includes cash on hand, balances with banks, net of bank overdrafts and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities of three months or less.

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2014

2. Non-Consolidated Boards And Agencies

- (a) Southwest Regional School Board
 The Municipality of the District of Shelburne provides funding to this Board and the Board administers its own operations.
- (b) Western Counties Regional Library Board
 The Municipality of the District of Shelburne provides funding to the Regional Library Board and the board administers its own operations. The Municipality has one member on the board.
- (c) Shelburne Regional Housing Authority - 10.5% Interest
 During 2014, the Municipality accrued \$12,685 (\$13,070 in 2013) to the Regional Housing Authority to fund its share of the deficit. Management estimates for accruals may differ from the actual amounts paid.

3. Tax Sale Surplus

The following analysis details the year in which the funds held in trust were received. After twenty years these funds may then be transferred to the Capital Reserve Fund.

<u>Year Received</u>		<u>Year of Transfer</u>
March 31, 1995	\$ 10,800	2015
March 31, 1996	3,821	2016
March 31, 1997	2,008	2017
March 31, 1999	702	2019
March 31, 2000	45,734	2020
March 31, 2002	7,102	2022
March 31, 2003	8,435	2023
March 31, 2004	7,018	2024
March 31, 2005	3,686	2025
March 31, 2010	81,921	2030
March 31, 2012	38,139	2032
March 31, 2013	28,553	2033
March 31, 2014	<u>8,042</u>	<u>2034</u>
	<u>\$ 245,961</u>	

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

4. Receivables

Tax Rates for 2013-2014: \$1.28 - Residential (2012-2013 \$1.28)
 \$1.82 - Commercial (2012-2013 \$1.82)

	Current Year	Prior Years	2014	2013
Balance, beginning of year	\$ -	\$ 764,758	\$ 764,758	\$ 893,819
Current year levy	<u>4,690,154</u>	<u>-</u>	<u>4,690,154</u>	<u>4,660,126</u>
	<u>4,690,154</u>	<u>764,758</u>	<u>5,454,912</u>	<u>5,553,945</u>
Collections	(4,235,734)	(382,197)	(4,617,931)	(4,742,682)
Reduced taxes	<u>(72,743)</u>	<u>-</u>	<u>(72,743)</u>	<u>(46,505)</u>
	<u>(4,308,477)</u>	<u>(382,197)</u>	<u>(4,690,674)</u>	<u>(4,789,187)</u>
Balance, End Of Year	<u>\$ 381,677</u>	<u>\$ 382,561</u>	764,239	764,759
Interest receivable			159,794	138,180
Due from Provincial Government and its agencies			309,133	-
Due from Fire Departments			41,671	56,259
Shared Services receivables			71,487	-
Harmonized sales taxes receivable			55,138	67,986
Shelburne County Arena Association receivable			15,000	15,000
Miscellaneous receivables			<u>274,767</u>	<u>148,154</u>
			1,691,229	1,190,338
Less: Asset Valuation Allowance (Note 5)			<u>(20,500)</u>	<u>(20,500)</u>
Receivables			<u>\$ 1,670,729</u>	<u>\$ 1,169,838</u>

5. Asset Valuation Allowance

	2014	2013
Uncollectible taxes and rates	\$ 8,000	\$ 8,000
Other receivables	<u>12,500</u>	<u>12,500</u>
Balance, End Of Year	<u>\$ 20,500</u>	<u>\$ 20,500</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2014

6. Short Term Borrowing Availability

Funds borrowed for this purpose bear interest at prime plus 0.5% and are secured by a borrowing resolution declaration and agreement authorizing current expenditure borrowings up to \$2,000,000, as passed by Council.

7. Payables

	2014	2013
Trade and other	\$ 214,203	\$ 361,060
Accruals	51,247	53,046
Balance, End Of Year	\$ 265,450	\$ 414,106

8. Employee Future Benefits

(a) Clerk's Pension Plan - Past Service Cost

Previously, under provincial legislation, Municipalities were required to provide a defined benefit pension plan for municipal clerks for a benefit equal to 2% per year times the clerk's years of service to April 1, 1993 times the average of the final five years of salary before actual retirement. A special actuarial valuation was completed as of January 1, 2012. The total amount of the actuarially determined pension benefits surplus was \$39,419 at January 1, 2012.

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2014

9. Long-Term Debt

	2014	2013
Municipal Finance Corporation		
Debenture (Carleton Gunning Cove Fire Department)		
This debenture debt has been approved by the Department of Municipal Affairs and is repayable over the next ten years at \$14,200 per year plus interest. The interest rate is variable from 4.095% to 4.340% over the term of repayment.		
Balance, beginning of year	\$ 55,871	\$ 70,071
Principal repayment	(14,200)	(14,200)
Balance, End Of Year	41,671	55,871
Municipal Finance Corporation		
Debenture		
This debenture debt has been approved by the Department of Municipal Affairs and is repayable over five years at \$69,691 per year plus interest. The interest rate is variable from 4.380% to 4.450% over the term of repayment.		
Balance, beginning of year	45	69,736
Principal repayment	(45)	(69,691)
Balance, End Of Year	-	45
Total long-term debt	\$ 41,671	\$ 55,916

Principal repayments required for the next five years are as follows:

2015	\$ 14,200
2016	14,200
2017	13,271
Total	\$ 41,671

10. Budget

Budget amounts are unaudited and presented for comparison purposes only.

11. Comparative figures

In some cases, the comparative figures have been reclassified to conform with the current year's presentation.

MUNICIPALITY OF THE DISTRICT OF SHELburnE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

12. Schedule of Tangible Capital Assets 2014

	1-Apr-13		31-Mar-14		1-Apr-13		31-Mar-14		Net Book Value
	Cost	Additions	Disposals	Cost	Accum Amort	Current Amort	Adjustments		
Land									
Municipal Land	\$ 154,543	\$ -	\$ -	\$ 154,543	\$ -	\$ -	\$ -	\$ -	\$ 154,543
Prop from Tax Sales	2,118	-	-	2,118	-	-	-	-	2,118
Muni Parking Lot	7,049	-	-	7,049	-	-	-	-	7,049
Land Improvements	\$ 163,709	\$ -	\$ -	\$ 163,710	\$ -	\$ -	\$ -	\$ -	\$ 163,710
Recreation Property	\$ 142,741	\$ 18,997	\$ (36,356)	\$ 125,382	\$ 71,782	\$ 25,076	\$ (36,356)	\$ 60,502	\$ 64,890
Municipal Property	192,447	-	-	192,447	134,445	19,334	-	153,779	38,668
	335,188	18,997	(36,356)	317,829	206,227	44,410	(36,356)	214,281	103,548
Buildings	\$ 907,422	\$ -	\$ -	\$ 907,422	\$ 631,046	\$ 16,034	\$ -	\$ 647,080	\$ 260,342
Municipal Building	3,565,890	1,140	-	3,567,020	666,305	135,021	-	801,326	2,765,694
Storage Shed	70,747	-	-	70,747	29,054	1,769	-	30,823	39,924
Industrial Park	1,504	-	-	1,504	931	38	-	969	536
Septage Receiving Station	293,001	374,533	-	667,534	11,471	1,147	-	12,618	16,061
Treatment Plant Shed	1,640	212,334	-	213,974	11,720	20,213	-	31,933	374,533
	4,968,672	588,007	-	5,456,679	1,351,376	174,288	-	1,525,664	3,931,217
Equipment	\$ 457,989	\$ 19,998	\$ (288,374)	\$ 209,612	\$ 420,835	\$ 14,883	\$ (288,374)	\$ 167,344	\$ 42,268
Equipment Muni Office	369,431	-	-	369,431	369,431	-	-	369,431	-
Equipment Fire Deps	108,090	-	-	108,090	108,966	920	-	107,866	205
Equip Other	935,510	19,998	(288,374)	667,133	897,232	15,803	(288,374)	644,651	42,473
Vehicles	\$ 106,701	\$ -	\$ (38,882)	\$ 67,819	\$ 65,738	\$ 13,568	\$ (38,882)	\$ 40,444	\$ 27,395
Muni Truck	23,556	-	-	23,556	23,556	-	-	23,556	-
Rec Truck	130,257	-	(38,882)	91,375	89,294	13,568	(38,882)	64,000	27,395
Other	\$ 388,795	\$ 70,830	\$ -	\$ 459,625	\$ 56,891	\$ 65,661	\$ -	\$ 122,542	\$ 337,083
COMFIT Project	40,157	-	-	40,157	28,684	5,737	-	34,421	5,736
Generators	70,670	-	-	70,670	30,370	1,413	-	31,783	38,887
Sewers	499,622	70,830	-	570,452	115,935	72,811	-	188,746	381,706
Joint Services Board	\$ 2,269	\$ -	\$ -	\$ 2,269	\$ 2,269	\$ -	\$ -	\$ 2,269	\$ -
Video surveillance	324	-	-	324	324	-	-	324	-
GPS	584	-	-	584	584	-	-	584	-
Office	4,570	-	-	4,570	914	114	-	1,028	3,542
Buildings	15,964	-	-	15,964	1,819	-	-	15,964	-
Truck GMC 1/2 ton	1,819	-	-	1,819	5,316	-	-	5,316	-
Signs	5,316	-	-	5,316	57,167	6,806	-	63,973	208,267
C & D Site	272,240	-	-	272,240	84,357	6,920	-	91,277	211,809
School Capital Fund	\$ 165,160	\$ -	\$ -	\$ 165,160	\$ -	\$ -	\$ -	\$ -	\$ 165,160
Total	\$ 7,401,403	\$ 697,832	\$ (343,582)	\$ 7,755,645	\$ 2,744,421	\$ 327,500	\$ (343,582)	\$ 2,728,629	\$ 5,027,018

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2013

12. Schedule of Tangible Capital Assets 2013

	1-Apr-12		31-Mar-13		1-Apr-12		31-Mar-13		1-Apr-12		31-Mar-13		Net Book Value
	Cost	Additions	Disposals	Cost	Accum Amort	Current Amort	Adjustments	Accum Amort	Current Amort	Adjustments	Mar-13		
Land													
Municipal Land	\$ 122,121	\$ 32,422	\$ -	\$ 154,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,543
Prop for Tax Sales	2,118	-	-	2,118	-	-	-	-	-	-	-	-	2,118
Muni Parking Lot	7,049	-	-	7,049	-	-	-	-	-	-	-	-	7,049
Land Improvements													
Recreation Property	\$ 107,101	\$ 35,640	\$ -	\$ 142,741	\$ 50,505	\$ 21,277	\$ -	\$ 71,782	\$ 134,445	\$ -	\$ -	\$ -	\$ 70,959
Municipal Property	192,447	-	-	192,447	115,111	19,334	-	206,227	134,445	-	-	-	58,002
	299,548	35,640	-	335,188	165,616	40,611	-	206,227	134,445	-	-	-	128,961
Buildings													
Municipal Building	\$ 907,532	\$ -	\$ -	\$ 907,532	\$ 613,661	\$ 17,385	\$ -	\$ 631,046	\$ 276,466	\$ -	\$ -	\$ -	\$ 276,466
Sewage Treatment Plant	3,260,180	305,590	-	3,565,770	590,856	135,449	-	686,305	2,899,466	-	-	-	2,899,466
PW Building	70,747	-	-	70,747	27,285	1,769	-	29,054	41,693	-	-	-	41,693
Storage Shed	1,504	-	-	1,504	893	38	-	931	574	-	-	-	574
HHW Depot	28,679	-	-	28,679	10,324	1,147	-	11,471	17,207	-	-	-	17,207
Septage Receiving Station	-	293,001	-	293,001	-	11,720	-	11,720	281,281	-	-	-	281,281
Treatment Plant Shed	1,640	-	-	1,640	783	66	-	849	791	-	-	-	791
Equipment													
Equipment Muni Office	\$ 4270,281	\$ 598,591	\$ -	\$ 4,868,873	\$ 1,183,892	\$ 167,574	\$ -	\$ 1,351,376	\$ 3,517,498	\$ -	\$ -	\$ -	\$ 3,517,498
Equipment Fire Deps	435,534	22,458	-	457,992	411,194	9,641	-	420,835	37,157	-	-	-	37,157
Equip Other	369,431	-	-	369,431	369,431	-	-	369,431	-	-	-	-	369,431
	108,090	-	-	108,090	106,046	920	-	106,966	1,125	-	-	-	1,125
Vehicles													
Muni Truck	\$ 913,055	\$ 22,458	\$ -	\$ 935,513	\$ 886,671	\$ 10,561	\$ -	\$ 897,232	\$ 38,282	\$ -	\$ -	\$ -	\$ 38,282
Rec Truck	105,404	1,297	-	106,701	52,170	13,568	-	65,738	40,963	-	-	-	40,963
	23,556	-	-	23,556	23,556	-	-	23,556	-	-	-	-	23,556
Other													
COMFRT Project	\$ 128,960	\$ 1,297	\$ -	\$ 130,257	\$ 75,726	\$ 13,568	\$ -	\$ 89,284	\$ 40,963	\$ -	\$ -	\$ -	\$ 40,963
Generators	9,372	379,423	-	388,795	1,339	55,542	-	56,881	331,914	-	-	-	331,914
Sewers	40,157	-	-	40,157	22,947	5,737	-	28,684	11,473	-	-	-	11,473
	70,670	-	-	70,670	28,957	1,413	-	30,370	40,300	-	-	-	40,300
Joint Services Board													
Video surveillance	\$ 120,199	\$ 379,423	\$ -	\$ 499,622	\$ 53,243	\$ 62,692	\$ -	\$ 115,935	\$ 383,687	\$ -	\$ -	\$ -	\$ 383,687
Video surveillance													
GPS	\$ 2,269	\$ -	\$ -	\$ 2,269	\$ 2,269	\$ -	\$ -	\$ 2,269	\$ -	\$ -	\$ -	\$ -	\$ -
Office	324	-	-	324	324	-	-	324	-	-	-	-	324
Buildings	584	-	-	584	584	-	-	584	-	-	-	-	584
Truck GMC 1/2 ton	4,570	-	-	4,570	800	114	-	914	3,656	-	-	-	3,656
Signs	15,964	-	-	15,964	15,964	-	-	15,964	-	-	-	-	15,964
Scale	1,819	-	-	1,819	1,819	-	-	1,819	-	-	-	-	1,819
C & D Site	5,316	-	-	5,316	5,316	-	-	5,316	-	-	-	-	5,316
	272,240	-	-	272,240	50,361	6,806	-	57,167	215,073	-	-	-	215,073
School Capital Fund													
	\$ 303,086	\$ -	\$ -	\$ 303,086	\$ 77,437	\$ 6,920	\$ -	\$ 84,357	\$ 218,729	\$ -	\$ -	\$ -	\$ 218,729
Total	\$ 6,331,576	\$ 1,069,831	\$ -	\$ 7,401,409	\$ 2,442,495	\$ 301,926	\$ -	\$ 2,744,421	\$ 4,656,990	\$ -	\$ -	\$ -	\$ 4,656,990

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2014

13. Reserve Funds

Reserves	<u>2014</u>	<u>2013</u>
Operating reserve fund	\$ 1,091,176	\$ 1,089,212
District grant fund	34,926	23,760
Kids fair play	19,070	16,643
Gas tax reserve fund	455,258	829,129
Capital reserve fund	<u>1,137,119</u>	<u>869,807</u>
	<u>\$ 2,737,549</u>	<u>\$ 2,828,551</u>

14. Investment In Capital Assets

	<u>2014</u>	<u>2013</u>
General Capital		
Balance, beginning of year	\$ <u>2,798,421</u>	\$ <u>2,031,514</u>
Capital acquisitions from revenue	697,832	1,068,832
Amortization	(327,799)	(301,925)
Interest earned	<u>2,263</u>	<u>-</u>
	<u>372,296</u>	<u>766,907</u>
General capital, end of year	3,170,717	2,798,421
Investment in School Capital	<u>165,160</u>	<u>165,160</u>
Consolidated total	<u>\$ 3,335,877</u>	<u>\$ 2,963,581</u>

15. Contingent Liabilities And Other Commitments

The Municipality of the District of Shelburne is contingently liable as guarantor of other loans issued by the Canadian Imperial Bank of Commerce and the Royal Bank of Canada to five fire departments in the Municipality. As at March 31, 2014, the total principal balance of the loans is approximately \$150,511 (2013 - \$219,020).

The Municipality of the District of Shelburne is contingently liable as guarantor of a Commerce Expense Account Visa System issued by the Canadian Imperial Bank of Commerce. As at March 31, 2014, the spending limit was \$24,500 (March 31, 2013 - \$24,500).

The Municipality of the District of Shelburne is contingently liable as guarantor of a Bridge Loan issued by the Canadian Imperial Bank of Commerce. As at March 31, 2014, the credit limit was \$600,000.

On August 11, 2003 the Municipality of the District of Shelburne entered into a solid waste agreement with Queens County through to 2027. The monetary commitment could not be determined by management at the date of these financial statements

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

15. Contingent Liabilities (continued)

The Municipality recognizes that a potential liability exists with respect to a school closure where the facility is of no use to the Tri County School Board. The Municipality has requested the Board perform an environmental and ground water assessment and remediate any violations identified. Should the Municipality be required to accept all or partial ownership of such a school, there could be a financial implication with respect to safety, restoration or demolition. The potential amount of any eventual liability is not determinable by management as at the date of these financial statements.

Two law suits have been brought against South West Shore Development Authority (SWSDA) of which the Municipality was a member regarding unpaid invoices. Management is unable to determine the likelihood or amount of any possible future payout's at the date of the financial statements.

16. Remuneration And Expenses

The following amounts were paid during the year:

	2014		2013	
	Remuneration	Expenses	Remuneration	Expenses
<u>Council</u>				
Embree, S	\$ -	\$ -	\$ 13,016	\$ 2,493
Holmes, C	\$ 16,306	\$ 155	\$ 15,952	\$ -
Levy, D	\$ 16,306	\$ 598	\$ 6,490	\$ 490
Roscoe, J	\$ 16,306	\$ -	\$ 17,373	\$ 311
Taylor, R	\$ 25,181	\$ 5,472	\$ 19,139	\$ 3,589
Townsend, D	\$ 16,306	\$ 1,589	\$ 15,942	\$ 1,835
VanBuskirk, A	\$ 16,306	\$ 150	\$ 15,942	\$ 988
Wallet, N	\$ 19,418	\$ 1,166	\$ 16,870	\$ 1,689
<u>Senior Management</u>				
Chief Administrative Officer	\$ 89,604	\$ 7,683	\$ 89,604	\$ 7,171

17. Financial Instruments

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, short-term borrowings and long-term debt. It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The Municipality is subject to credit risk with respect to taxes and grants in lieu of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers minimizes the credit risk.

Term deposits are carried at cost plus accrued interest. Unless otherwise noted, the carrying value of the financial instrument approximates fair value.