

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

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FOR THE YEAR ENDED MARCH 31, 2013

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MUNICIPALITY OF THE DISTRICT OF SHELBURNE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

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



INDEPENDENT AUDITORS' REPORT

June 23, 2014

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, 2013, 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, 2013, 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, 2013

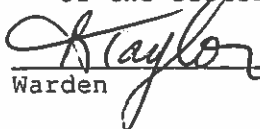
	Page	2013		2012
		Budget	Actual	Actual
Revenue				
Assessable property taxes	8	\$ 4,866,319	\$ 4,842,070	\$ 4,701,124
Grants in lieu of taxes	8	207,768	208,848	209,810
Services provided to other governments	9	246,787	246,962	254,858
Sale of services	9	66,800	74,106	78,361
Other revenue from own sources	9	210,366	230,409	237,665
Unconditional transfers from other governments	9	59,443	67,050	71,856
Conditional transfers from Federal or Provincial Government and its agencies	10	2,850	3,184	2,737
Interest	10	-	1,728	983
Other	10	-	8,534	20,316
Other transfers from own funds	10	17,087	17,242	17,829
Shared Services	10	-	524,596	577,293
		<u>5,677,420</u>	<u>6,224,729</u>	<u>6,172,832</u>
Expenditures				
General government services	11	1,066,794	900,327	920,640
Protection services	12	1,101,864	1,072,831	1,019,278
Transportation services	12	234,354	226,006	228,580
Environmental health services	12	87,540	64,839	63,790
Public health and welfare services	12	-	574	794
Environmental development services	13	183,700	73,493	139,010
Recreation and cultural services	13	252,837	245,003	211,669
District Grant expenditures	14	35,000	34,276	39,196
Fiscal services	13-14	1,466,809	1,428,378	1,706,522
Kids Fair Play expenditures	14	-	11,649	18,419
Amortization	14	90,000	294,376	211,955
Shared Services	14	1,241,280	1,167,980	1,175,065
		<u>5,760,178</u>	<u>5,519,732</u>	<u>5,734,918</u>
EXCESS OF REVENUE OVER EXPENDITURES		\$ (82,758)	\$ 704,997	\$ 437,914
OTHER				
Infrastructure funding (net)		-	(911,969)	(1,080,097)
NET OPERATING SURPLUS (DEFICIT)		\$ -	\$ (206,972)	\$ (642,183)

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
Financial Assets		
Cash (note 1)	\$ 719,702	\$ 564,764
Tax sale surplus (note 3)	257,579	209,366
Receivables (note 4)	1,169,838	1,830,813
Investments, term deposits at cost plus accrued interest	<u>1,032,436</u>	<u>1,020,629</u>
	<u>3,179,555</u>	<u>3,625,572</u>
Liabilities		
Short term borrowings (note 6)	611,090	1,135,589
Payables (note 7)	414,106	318,170
Prepayments of taxes	-	
Tax sale surplus (note 3)	257,579	209,366
Employee future benefits (note 8)		9,300
Deferred revenue	12,607	32,427
Long-term debt (note 9)	<u>55,916</u>	<u>139,807</u>
	<u>1,351,298</u>	<u>1,844,659</u>
Net Financial Assets (page 7)	<u>1,828,257</u>	<u>1,780,913</u>
Non-Financial Assets		
Vested properties	4,152	4,152
Prepays	51,682	90,655
Tangible capital assets (note 12)	<u>4,656,990</u>	<u>3,888,453</u>
	<u>4,712,824</u>	<u>3,983,260</u>
Net Assets	<u>\$ 6,541,081</u>	<u>\$ 5,764,173</u>
Municipal Position		
General Operating Fund	\$(470,517)	\$ 115,388
General Capital Fund	1,219,466	973,985
Reserve Funds (note 13)	<u>2,828,551</u>	<u>2,478,126</u>
	3,577,500	3,567,499
Investment in capital assets (note 14)	<u>2,963,581</u>	<u>2,196,674</u>
Total Municipal Position	<u>\$ 6,541,081</u>	<u>\$ 5,764,173</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, 2013

	<u>2013</u>	<u>2012</u>
Operating activities		
Net operating surplus (deficit)	\$(206,972)	\$(642,183)
Item not affecting cash:		
Amortization	301,296	211,955
	<u>94,324</u>	<u>(430,228)</u>
Changes in non-cash working capital		
Increase in tax sale surplus asset	(48,213)	(38,139)
Increase in receivables	660,975	(253,023)
Increase in investments	(11,807)	(139,787)
Increase in payables and accruals	95,940	14,360
Increase in accrued employee benefits	(9,300)	9,300
(Decrease) increase in prepayment of taxes	-	(555,210)
Increase in tax sale surplus liability	48,213	38,139
Decrease (increase) in prepaids	38,973	(33,071)
Increase (decrease) in deferred revenue	(19,820)	32,338
	<u>754,961</u>	<u>(925,093)</u>
Net change in cash from operating activities	<u>849,285</u>	<u>(1,355,321)</u>
Financing activities		
Acquisition (repayment) of long-term debt	(83,936)	(83,891)
Net change in cash from financing activities	<u>(83,936)</u>	<u>(83,891)</u>
Capital activities		
Capital Revenue	983,920	2,580,427
Acquisition of capital assets	(1,069,832)	(2,519,454)
Net change in cash from capital activities	<u>(85,912)</u>	<u>60,973</u>
Net change in cash and cash equivalents	679,437	(1,378,239)
Cash net of short-term borrowings		
Beginning of year	(570,825)	807,414
End of year	<u>\$ 108,612</u>	<u>\$(570,825)</u>
Cash net of short-term borrowings reconciliation		
Cash	\$ 719,702	\$ 564,764
Short-term borrowings	<u>(611,090)</u>	<u>(1,135,589)</u>
	<u>\$ 108,612</u>	<u>\$(570,825)</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
 FOR THE YEAR ENDED MARCH 31, 2013

	2013		2012
	Budget	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$(206,972)	\$(642,183)
Acquisition of tangible capital assets	-	(1,069,832)	(2,519,458)
Amortization of tangible capital assets	90,000	301,296	218,876
Loss on disposal of tangible capital assets	-	-	-
Capital Fund Revenue	-	157,863	1,423,827
Transfer from joint services board	-	-	303,086
Transfer from General Operating Fund	-	35,000	35,000
(Decrease) increase in prepayment of taxes	-	-	555,210
Transfer to Capital Fund	-	544,053	-
Gas tax revenue	246,787	246,962	254,858
Consumption (acquisition) of prepaids	-	38,974	(31,551)
Increase (decrease) in net financial assets	336,787	47,344	(402,335)
Net financial assets, beginning of year	<u>1,780,913</u>	<u>1,780,913</u>	<u>2,183,248</u>
Net financial assets, end of year	<u>\$ 2,117,700</u>	<u>\$ 1,828,257</u>	<u>\$ 1,780,913</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2013

	<u>2013</u>		<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Taxes			
Assessable property			
Residential	\$ 3,428,356	\$ 3,415,270	\$ 3,319,830
Commercial			
Based on taxable assessments	<u>513,790</u>	<u>516,229</u>	<u>456,748</u>
Resource			
Based on taxable assessments	675,036	661,336	658,578
Forest property tax			
< 50,000 acres	16,000	15,702	15,785
> 50,000 acres	20,500	18,682	18,782
Fire protection	<u>31,000</u>	<u>31,260</u>	<u>48,732</u>
	<u>742,536</u>	<u>726,980</u>	<u>741,877</u>
Business property			
Based on revenue (Bell Aliant)	<u>30,028</u>	<u>30,028</u>	<u>31,605</u>
Other			
Deed transfer tax	150,000	153,563	151,064
Farm acreage tax	<u>1,609</u>	<u>-</u>	<u>-</u>
	<u>151,609</u>	<u>153,563</u>	<u>151,064</u>
	<u>\$ 4,866,319</u>	<u>\$ 4,842,070</u>	<u>\$ 4,701,124</u>
Grants In Lieu Of Taxes			
Federal Government - property	\$ <u>7,324</u>	\$ <u>7,110</u>	\$ <u>7,209</u>
Federal Government Agencies			
Canadian Broadcasting Corporation	<u>319</u>	<u>-</u>	<u>319</u>
Provincial Government			
Property of Supported Institution	72,509	72,757	72,509
Fire Protection - Hayden Lake	580	546	542
Crown Timber Lands	<u>95,856</u>	<u>97,255</u>	<u>99,980</u>
	<u>168,945</u>	<u>170,558</u>	<u>173,031</u>
Nova Scotia Power Incorporated	<u>31,180</u>	<u>31,180</u>	<u>29,251</u>
	<u>\$ 207,768</u>	<u>\$ 208,848</u>	<u>\$ 209,810</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2013

	<u>2013</u>		<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (continued)			
Services Provided To Other Governments			
Federal Government			
Federal gas tax rebate	\$ 246,787	\$ 246,962	\$ 254,858
Other Local Government			
Joint Services Board - other	-	-	
	<u>\$ 246,787</u>	<u>\$ 246,962</u>	<u>\$ 254,858</u>
Sale Of Services			
Sewer services	\$ 64,300	\$ 69,850	\$ 73,775
Subdivision approval and suspense	<u>2,500</u>	<u>4,256</u>	<u>4,586</u>
	<u>\$ 66,800</u>	<u>\$ 74,106</u>	<u>\$ 78,361</u>
Other Revenue From Own Sources			
Rentals	\$ 63,066	\$ 58,487	\$ 67,973
Penalties and interest	120,000	138,921	146,243
Licenses and permits	1,300	865	810
Fines	6,000	7,425	3,871
Interest earned	2,000	12,162	3,428
Tax sale	15,000	681	11,908
Other	<u>3,000</u>	<u>11,868</u>	<u>3,432</u>
	<u>\$ 210,366</u>	<u>\$ 230,409</u>	<u>\$ 237,665</u>
Unconditional Transfers From Other Governments			
Provincial Government			
Municipal Grants Act And Other	<u>\$ 59,443</u>	<u>\$ 67,050</u>	<u>\$ 71,856</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2013

	2013		2012
	Budget	Actual	Actual
Revenue (continued)			
Recreation and cultural services			
Recreation	\$ 1,500	\$ 1,968	\$ 1,587
Resource recovery fund	<u>1,350</u>	<u>1,216</u>	<u>1,150</u>
	<u>\$ 2,850</u>	<u>\$ 3,184</u>	<u>\$ 2,737</u>
Other Transfers			
Transfers from own reserves			
Debt service recovery	\$ 17,087	\$ 17,242	\$ 17,829
	<u>\$ 17,087</u>	<u>\$ 17,242</u>	<u>\$ 17,829</u>
Interest	<u>\$ -</u>	<u>\$ 1,728</u>	<u>\$ 983</u>
Other	<u>\$ -</u>	<u>\$ 8,534</u>	<u>\$ 20,316</u>
Shared Services (page 15)			
Contributions from Municipal Units			
Town of Lockeport	\$ -	\$ 111,863	\$ 115,191
Town of Shelburne	-	246,875	238,478
Service revenues	<u>-</u>	<u>165,858</u>	<u>223,624</u>
	<u>\$ -</u>	<u>\$ 524,596</u>	<u>\$ 577,293</u>
Total Revenue	<u>\$ 5,677,420</u>	<u>\$ 6,224,729</u>	<u>\$ 6,172,832</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2013

Expenditures	2013		2012
	Budget	Actual	Actual
General Government Services			
Legislative			
Warden Honorarium	\$ 23,321	\$ 23,373	\$ 22,753
Councilors Honorarium	93,813	93,814	91,526
Other Council fees and costs	<u>47,976</u>	<u>20,172</u>	<u>32,632</u>
	<u>165,110</u>	<u>137,359</u>	<u>146,911</u>
General administrative			
Staff salaries	368,050	338,743	353,482
Staff benefits			
- Medical/dental plan	13,599	10,047	11,660
- Defined contribution pension plan	16,378	15,341	14,323
- Pension plan - past service	37,000	-	-
- Workers' compensation	5,535	4,922	5,292
- Canada Pension Plan	13,838	13,667	13,260
- Employment Insurance	<u>7,612</u>	<u>7,108</u>	<u>7,222</u>
	<u>462,012</u>	<u>389,828</u>	<u>405,239</u>
Contracted administrative support	21,000	28,556	18,856
Solicitor	36,000	9,458	28,671
Auditor and accounting services	17,050	16,269	16,634
Office - supplies	14,100	6,646	8,841
- postage	18,000	15,430	13,830
- telephone	13,200	16,286	13,205
- advertising	16,400	6,992	15,216
- computer	25,200	27,063	11,627
- equipment maintenance	2,400	5,222	4,824
Building services	107,122	84,356	93,413
Tax billing	2,500	1,081	1,004
Reduced taxes - individuals	19,000	17,931	14,222
- organizations	29,000	28,574	28,343
Allowances for losses on appeals	17,000	1,035	6,512
Tax sale expense	12,000	12,522	10,821
Other general administrative services	<u>28,700</u>	<u>17,584</u>	<u>21,963</u>
	<u>378,672</u>	<u>295,005</u>	<u>307,982</u>
Other general government services			
Conventions and dues	10,000	10,804	9,990
Elections	-	18,058	-
Grants to organizations and individuals	35,000	33,912	34,805
Liability insurance	<u>16,000</u>	<u>15,361</u>	<u>15,713</u>
	<u>61,000</u>	<u>78,135</u>	<u>60,508</u>
	<u>\$ 1,066,794</u>	<u>\$ 900,327</u>	<u>\$ 920,640</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
 SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2013

Expenditures (continued)	2013		2012
	Budget	Actual	Actual
Protection Services			
Law enforcement	\$ 606,538	\$ 606,276	\$ 577,675
Fire protection			
Grants to fire departments	333,451	316,546	317,158
Water supply hydrants and insurance	91,485	48,651	44,890
Radio license	3,313	3,313	3,395
Search and rescue		22,508	10,077
Emergency management office		<u>8,528</u>	<u>8,659</u>
	<u>428,249</u>	<u>399,546</u>	<u>384,179</u>
Animal control and by-law enforcement			
Salary	53,127	52,955	45,970
Vehicle	9,600	10,743	9,595
Other expenses	<u>4,350</u>	<u>3,311</u>	<u>1,859</u>
	<u>67,077</u>	<u>67,009</u>	<u>57,424</u>
	<u>\$ 1,101,864</u>	<u>\$ 1,072,831</u>	<u>\$ 1,019,278</u>
Transportation Services			
Street lighting	\$ 204,000	\$ 195,682	\$ 198,937
Class J roads	<u>30,354</u>	<u>30,324</u>	<u>29,643</u>
	<u>\$ 234,354</u>	<u>\$ 226,006</u>	<u>\$ 228,580</u>
Environmental Health Services			
Sewage collection and disposal			
Administration - salary	\$ 18,580	\$ 18,580	\$ 17,616
- other	<u>55,660</u>	<u>31,713</u>	<u>32,011</u>
	<u>74,240</u>	<u>50,293</u>	<u>49,627</u>
Garbage and waste collection and disposal			
Collection	<u>13,300</u>	<u>14,546</u>	<u>14,163</u>
	<u>\$ 87,540</u>	<u>\$ 64,839</u>	<u>\$ 63,790</u>
Public Health And Welfare Services			
Welfare			
Assistance	<u>\$ -</u>	<u>\$ 574</u>	<u>\$ 794</u>

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2013

Expenditures (continued)	2013		2012
	Budget	Actual	Actual
Environmental Development Services			
Community development			
Subdivision approval fees	\$ 500	\$ -	\$ 647
Economic development	93,000	19,620	85,778
ICSP implementation	20,000	21,382	24,846
Other	70,200	32,491	27,739
	\$ 183,700	\$ 73,493	\$ 139,010
Recreation And Cultural Services			
Recreational facilities			
Administration			
- salaries and benefits	\$ 193,568	\$ 172,777	\$ 161,251
- seminars	1,755	785	1,155
- other	22,354	14,350	11,648
- grants, programs and maintenance	35,160	57,091	37,615
	252,837	245,003	211,669
	\$ 252,837	\$ 245,003	\$ 211,669
Fiscal Services			
Debt charges			
Interest on short-term borrowing			
General operations	\$ 10,000	\$ 6,603	\$ 12,358
Interest on long-term borrowing			
Debenture interest			
- Incinerator closure	-	1,488	-
- CGC fire department		3,042	3,629
Principal installments			
Debenture principal			
- CGC fire department	17,087	14,200	14,200
Transfer to own reserve funds and agencies			
Valuation allowance			
Uncollectible taxes	48,000	-	300,058

MUNICIPALITY OF THE DISTRICT OF SHELBURNE
SCHEDULE TO CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2013

	2013		2012
	Budget	Actual	Actual
Expenditures (continued)			
Fiscal Services (continued)			
Conditional transfers to other governments and agencies			
Protective services	82,014	82,014	61,601
Public prosecution service	1,000	1,052	-
Regional assessment service	146,884	144,004	143,915
Fire protection	42,000	31,260	48,732
Regional Housing Authority(note 2(c))	6,029	13,070	10,755
Regional library Board(note 2(b))	29,155	29,155	29,155
Appropriation to District School Board	1,064,640	1,064,640	998,304
Unconditional transfers to other governments and agencies			
Shared Services			
- South Shore Tourism Association	20,000	37,850	55,872
Infrastructure projects	-	-	27,943
	\$ 1,466,809	\$ 1,428,378	\$ 1,706,522
District Grant expenditures	\$ 35,000	\$ 34,276	\$ 39,196
Kids Play Fair expenditures	\$ -	\$ 11,649	\$ 18,419
Amortization	\$ 90,000	\$ 294,376	\$ 211,955
Shared Services (page 15)	\$ 1,241,280	\$ 1,167,980	\$ 1,175,065
Total Expenditures	\$ 5,760,178	\$ 5,519,732	\$ 5,734,918
Other			
Infrastructure funding	\$ -	\$ 157,863	\$ 1,439,357
Infrastructure expenditures	-	(1,069,832)	(2,519,454)
	\$ -	\$ (911,969)	\$ (1,080,097)

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

SCHEDULE TO SHARED SERVICES OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2013

	2013		2012
	Budget	Actual	Actual
Revenue			
Contributions from Municipal Units			
Municipality of Shelburne (below)	\$ 636,011	\$ 636,011	\$ 624,011
Town of Lockeport	121,455	111,863	115,191
Town of Shelburne	<u>248,019</u>	<u>246,875</u>	<u>238,478</u>
	1,005,485	994,749	977,680
Correction centre contributions	78,095	48,500	63,650
Lockup fees	7,500	10,438	8,223
Diversion credit	21,000	37,283	51,825
Building Permit	14,000	180	14,134
Construction and demolition waste tipping fees	<u>115,200</u>	<u>69,457</u>	<u>85,792</u>
	<u>1,241,280</u>	<u>1,160,607</u>	<u>1,201,304</u>
Expenditures			
General government	7,000	7,978	947
Administration	62,729	62,092	59,907
Lock up expense	3,200	10,430	2,967
Protection of person and property	83,595	66,856	69,259
Building inspector's department	137,181	129,081	131,733
Waste diversion department	80,017	59,034	59,506
C & D waste department	164,890	144,508	168,913
Garbage collection and disposal	702,668	685,236	681,590
Social Welfare	-	<u>2,765</u>	<u>243</u>
	<u>1,241,280</u>	<u>1,167,980</u>	<u>1,175,065</u>
Excess revenues over expenditures	\$ <u>-</u>	\$ <u>(7,373)</u>	\$ <u>26,239</u>

The municipal contributions from the Municipality of the District of Shelburne of \$636,011 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, 2013

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, 2013

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.

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.

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

2. Non-Consolidated Boards And Agencies (continued)

(c) Shelburne Regional Housing Authority - 10.5% Interest

During 2013, the Municipality accrued \$13,070 (\$10,755 in 2012) 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	<u>48,213</u>	<u>2033</u>
	<u>\$ 257,579</u>	

4. Receivables

Tax Rates for 2012-2013: \$1.28 - Residential (2011-2012 \$1.28)				
\$1.82 - Commercial (2011-2012 \$1.82)				
	<u>Current Year</u>	<u>Prior Years</u>	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ -	\$ 893,819	\$ 893,819	\$ 987,369
Current year levy	<u>4,660,126</u>	<u>-</u>	<u>4,660,126</u>	<u>4,592,229</u>
	<u>4,660,126</u>	<u>893,819</u>	<u>5,553,945</u>	<u>5,579,598</u>
Collections	(4,214,884)	(527,798)	(4,742,682)	(4,650,925)
Reduced taxes	<u>(46,505)</u>	<u>-</u>	<u>(46,505)</u>	<u>(34,855)</u>
	<u>(4,261,389)</u>	<u>(527,798)</u>	<u>(4,789,187)</u>	<u>(4,685,780)</u>
Balance, End Of Year	\$ <u>398,738</u>	\$ <u>366,021</u>	764,759	893,818
Interest receivable			138,180	178,129
Due from Fire Departments			56,259	70,071
Shared Services receivables			-	72,987
Harmonized sales taxes receivable			67,986	71,764
Shelburne County Arena Association receivable			15,000	15,000
Miscellaneous receivables			<u>148,154</u>	<u>549,544</u>
			1,190,338	1,851,313
Less: Asset Valuation Allowance (Note 5)			<u>(20,500)</u>	<u>(20,500)</u>
Receivables			<u>\$ 1,169,838</u>	<u>\$ 1,830,813</u>

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

5. Asset Valuation Allowance

	2013	2012
Uncollectible taxes and rates	\$ 8,000	\$ 8,000
Other receivables	12,500	12,500
Balance, End Of Year	\$ 20,500	\$ 20,500

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

	2013	2012
Trade and other	\$ 361,060	\$ 145,815
Accruals	53,046	172,355
Balance, End Of Year	\$ 414,106	\$ 318,170

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.

(b) Accrued Sick Leave Liability

In lieu of a short-term disability plan, the Municipality has a sick leave policy that allows employees to earn sick leave credits based on time worked. The Municipality's estimated sick leave entitlements for 2013 are \$NIL (\$9,300-2012) and are estimated based on sick leave draw-down history.

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

9. Long-Term Debt

	<u>2013</u>	<u>2012</u>
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	\$ 70,071	\$ 84,271
Principal repayment	<u>(14,200)</u>	<u>(14,200)</u>
Balance, End Of Year	<u>55,871</u>	<u>70,071</u>
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	69,736	139,427
Principal repayment	<u>(69,691)</u>	<u>(69,691)</u>
Balance, End Of Year	<u>45</u>	<u>69,736</u>
Total long-term debt	<u>\$ 55,916</u>	<u>\$ 139,807</u>

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

2014	\$	14,245
2015		14,200
2016		14,200
2017		13,271
Total	\$	<u>55,916</u>

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, 2013

12. Tangible Capital Assets

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

12. Tangible Capital Assets (continued)

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

13. Reserve Funds

Reserves	<u>2013</u>	<u>2012</u>
Operating reserve fund	\$ 1,089,212	\$ 992,765
District grant fund	23,760	23,036
Kids fair play	16,643	18,876
Gas tax reserve fund	829,129	565,873
Capital reserve fund	<u>869,807</u>	<u>877,576</u>
	<u>\$ 2,828,551</u>	<u>\$ 2,478,126</u>

14. Investment In Capital Assets

General Capital	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 2,031,514	\$ 875,839
Capital acquisitions from revenue	1,068,832	1,095,627
Amortization	(301,925)	(211,956)
Transfer from Shared Services	<u>-</u>	<u>272,004</u>
	<u>766,907</u>	<u>1,155,675</u>
General capital, end of year	2,798,421	2,031,514
Investment in School Capital	<u>165,160</u>	<u>165,160</u>
Consolidated total	<u>\$ 2,963,581</u>	<u>\$ 2,196,674</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, 2013, the total principal balance of the loans is approximately \$219,020 (2012 - \$304,413).

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, 2013, the spending limit was \$24,500 (March 31, 2012 - \$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, 2013, 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, 2013

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:

<u>Council</u>	<u>2013</u>		<u>2012</u>	
	<u>Remuneration</u>	<u>Expenses</u>	<u>Remuneration</u>	<u>Expenses</u>
Embree, S	\$ 13,016	\$ 2,493	\$ 23,482	\$ 4,622
Holmes, C	\$ 15,952	\$ -	\$ 15,263	\$ 1,108
Levy, D	\$ 6,490	\$ 490	\$ 664	\$ -
Roscoe, J	\$ 17,373	\$ 311	\$ 18,144	\$ 311
Taylor, R	\$ 19,139	\$ 3,589	\$ 15,263	\$ 1,879
Townsend, D	\$ 15,942	\$ 1,835	\$ 15,263	\$ 2,709
VanBuskirk, A	\$ 15,942	\$ 988	\$ 15,263	\$ 904
Wallet, N	\$ 16,870	\$ 1,689	\$ 15,263	\$ 1,423
<u>Senior Management</u>				
Chief Administrative Officer	\$ 89,604	\$ 7,171	\$ 87,418	\$ -

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.