



Consolidated Financial Statements

Municipality of the District of Clare

March 31, 2019

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# Independent Auditor's Report

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

### Opinion

We have audited the consolidated financial statements of Municipality of the District of Clare (the "Municipality"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Municipality of the District of Clare as at March 31, 2019, and the results of its operations and its cash flows 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 consolidated financial statements taken as a whole. The consolidated schedules of statements of operations on pages 22 to 26 are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information has been subjected to auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Yarmouth, Canada  
September 18, 2019

Chartered Professional Accountants  
Licensed Public Accountants

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# Municipality of the District of Clare

## Management's Responsibility for the Consolidated Financial Statements

March 31, 2019

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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.

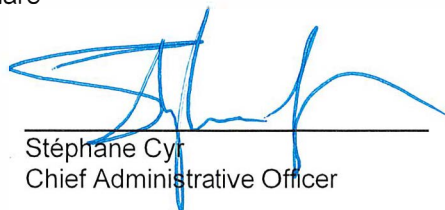
The Municipal Councilors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews external audited consolidated financial statements yearly. The Council also discusses 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



Ronnie LeBlanc  
Warden



Stéphane Cyr  
Chief Administrative Officer

# Municipality of the District of Clare

## Consolidated Statement of Operations

Year Ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Taxes	\$ 5,223,205	\$ 5,254,063	\$ 5,130,088
Grants in lieu of taxes	139,164	139,168	139,280
Services provided to other governments	310,000	337,041	311,037
Other revenue from own sources	754,000	688,019	671,031
Unconditional transfers from other governments	346,694	352,593	347,146
Conditional transfers from federal and provincial governments and agencies	1,177,892	718,984	414,484
Interest	125,000	185,645	153,656
Other	-	132,235	5,900
	<u>8,075,955</u>	<u>7,807,748</u>	<u>7,172,622</u>
<b>Expenses</b>			
General government services	1,392,075	1,332,379	1,186,965
Protective services	1,812,475	1,791,586	1,780,902
Transportation services	96,240	95,890	88,356
Environmental health services	1,728,345	1,679,911	1,585,022
Public health and welfare services	776,568	647,091	697,023
Environmental development services	259,231	241,566	265,297
Recreational and cultural services	1,109,403	977,633	790,354
	<u>7,174,337</u>	<u>6,766,056</u>	<u>6,393,919</u>
Annual surplus before the undernoted	901,618	1,041,692	778,703
Gain (loss) on disposal of tangible capital assets	-	83,966	(114,220)
Annual surplus	<u>\$ 901,618</u>	1,125,658	664,483
Accumulated surplus, beginning of year		<u>13,652,682</u>	<u>12,988,199</u>
Accumulated surplus, end of year		<u>\$14,778,340</u>	<u>\$13,652,682</u>



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## Municipality of the District of Clare

### Consolidated Statement of Change in Net Financial Assets

Year Ended March 31	Budget	2019	2018
Annual surplus	\$ 901,618	\$ 1,125,658	\$ 664,483
Acquisition of tangible capital assets	(2,191,445)	(1,625,774)	(804,477)
Proceeds on disposal of tangible capital assets	-	209,113	-
Amortization of tangible capital assets	454,607	454,607	488,376
(Gain) loss on disposal of tangible capital assets	<u>-</u>	<u>(83,966)</u>	<u>114,220</u>
Increase in net financial assets	<u>\$ (835,220)</u>	<u>79,638</u>	462,602
Net financial assets, beginning of year		<u>2,327,748</u>	<u>1,865,146</u>
Net financial assets, end of year		<u>\$ 2,407,386</u>	<u>\$ 2,327,748</u>

See accompanying notes to the consolidated financial statements.



# Municipality of the District of Clare

## Consolidated Statement of Cash Flow

Year Ended March 31

2019

2018

Increase in cash and cash equivalents

### Operating activities

Annual surplus	\$ 1,125,658	\$ 664,483
Change in non-cash items		
Amortization	454,607	488,376
(Gain) loss on disposal of tangible capital assets	(83,966)	114,220
Taxes receivable	128,428	(69,595)
Special assessments	15,375	(1,733)
Due from Federal Government and its agencies	(42,421)	38,784
Due from own agencies – Fire Department	103,453	97,590
Other receivables	42,946	(22,883)
Assets held for resale	(30,000)	-
Pension asset	-	(30,801)
Payables and accruals	(119,188)	167,686
Prepayment of taxes	6,783	12,854
Deferred revenue	134,259	262,385
Other - tax sale surplus	13,287	(37,617)
	<u>1,749,221</u>	<u>1,683,749</u>

### Capital activities

Purchase of tangible capital assets	(1,625,774)	(804,477)
Proceeds on disposal of tangible capital assets	209,113	-
	<u>(1,416,661)</u>	<u>(804,477)</u>

### Financing activities

Proceeds on issuance of long-term debt	1,827,018	-
Repayment of long-term debt	(1,428,333)	(178,333)
	<u>398,685</u>	<u>(178,333)</u>

Net increase in cash and cash equivalents 731,245 700,939

### Cash and cash equivalents

Beginning of year	<u>5,226,915</u>	<u>4,525,976</u>
End of year	<u>\$ 5,958,160</u>	<u>\$ 5,226,915</u>

Cash and cash equivalents are comprised of:

Restricted cash	\$ 307,830	\$ 292,371
Unrestricted cash	<u>5,650,330</u>	<u>4,934,544</u>
	<u>\$ 5,958,160</u>	<u>\$ 5,226,915</u>

See accompanying notes to the consolidated financial statements.

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# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 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 April 18, 2018 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.

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# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1. Summary of significant accounting policies (continued)

#### Revenue recognition (continued)

- (b) Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.
- (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.

#### 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.

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# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1. Summary of significant accounting policies (continued)

#### Tangible capital assets (continued)

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

#### 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

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# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1. Summary of significant accounting policies (continued)

#### 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.

#### Restructuring transactions

Effective for the fiscal year beginning April 1, 2018, the Municipality was required to adopt *Public Sector Accounting Section 3430, Restructuring Transactions*, which establishes the disclosure requirements for restructuring transactions. Management has determined that there are no transactions 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.

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.

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# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1. Summary of significant accounting policies (continued)

#### Segmented information (continued)

##### 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.

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### 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 by the Province of Nova Scotia. At period end, the Villa had consolidated accumulated net assets of \$888,169 (2018 - \$915,403).

#### b) Boards in which the Municipality has less than a vested 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, 2019

### 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 \$30,498 (2018 - \$35,448) 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 (2018 - \$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 Regional Solid Waste Resource Management Authority (Waste Check)

During the year, the Municipality contributed \$23,433 (2018- \$22,410) as its share of the operation of The Western Regional Solid Waste Resource Management Authority.

#### Western Regional Enterprise Network – 16.67% Interest

During the year, the Municipality contributed \$45,621 (2018 - \$45,621) as its share of the operation of the Western Regional Enterprise Network.

### 3. Taxes receivable

	<u>Current year</u>	<u>Prior years</u>	<u>2019 Total</u>	<u>2018 Total</u>
Balance, beginning of year	\$ -	\$ 544,978	\$ 544,978	\$ 475,383
Current year's tax levy	6,702,408	-	6,702,408	6,569,133
Interest	83,253	-	83,253	97,379
	<u>6,785,661</u>	<u>544,978</u>	<u>7,330,639</u>	<u>7,141,895</u>
Deduct				
Current year's collections	6,326,544	433,984	6,760,528	6,505,092
Reduced taxes	93,561	-	93,561	90,225
	<u>6,420,105</u>	<u>433,984</u>	<u>6,854,089</u>	<u>6,595,317</u>
Balance, before allowance	365,556	110,994	476,550	546,578
Less: valuation allowance	-	60,000	60,000	1,600
Balance, end of year	<u>\$ 365,556</u>	<u>\$ 50,994</u>	<u>\$ 416,550</u>	<u>\$ 544,978</u>

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# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

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<b>4. Special assessments</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Meteghan sewer		
Frontage	\$ 1,606	\$ 18,782
Service	<u>4,909</u>	<u>3,938</u>
	<u>6,515</u>	<u>22,720</u>
Belliveau's Cove sewer		
Service	<u>600</u>	<u>(200)</u>
Church Point sewer		
Service	<u>555</u>	<u>525</u>
	<u>\$ 7,670</u>	<u>\$ 23,045</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.

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<b>5. Other receivables</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Landfill tipping fees	\$ 25,181	\$ 35,611
Deed transfer tax	2,807	7,972
Other	<u>24,716</u>	<u>52,067</u>
	<u>\$ 52,704</u>	<u>\$ 95,650</u>

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### **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 not been recorded in their accounting records.

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### **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.



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# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 8. Commitments

#### Organic waste collection and disposal contract

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 two years are as follows:

2020	\$	520,143
2021		546,150

#### Capital projects

The Municipality is committed to completion of the SCADA system at Church Point sewer and the outfall pipe which is part of the Meteghan sewer project. Both projects have been ongoing since 2016-2017 and are approximately 85-90% complete. Estimated costs to complete the projects are as follows:

Church Point Waste Water Infrastructure	\$	70,744
Meteghan River Sewer Extension/Sludge Dewatering		50,938

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### 9. Remuneration and expense reimbursements

The total remuneration and expense reimbursements paid to councilors and the Chief Administrative Officer during the year ended March 31, 2019 were as follows:

<u>Council Members</u>	<u>Remuneration</u>	<u>Expenses</u>
Ronnie LeBlanc - Warden	\$ 31,975	\$ 3,013
Nil Doucet - Deputy Warden	22,929	5,393
Daniel Hill - Councilor	20,369	2,846
Hector Thibault - Councilor	20,369	1,448
Eric Pothier - Councilor	20,369	3,299
Yvon LeBlanc - Councilor	20,369	5,414
Brian Comeau - Councilor	20,369	711
Carl Deveau - Councilor	20,369	3,133
	<u>\$ 177,718</u>	<u>\$ 25,257</u>
<u>Administrative employee</u>	<u>Salaries</u>	<u>Expenses</u>
Stéphane Cyr - Chief Administrative Officer	<u>\$ 109,500</u>	<u>\$ 9,983</u>

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### 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 \$60,000 (2018 - \$1,600) and have been applied against taxes.

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# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 11. Defined contribution pension plan

During the year the Municipality contributed \$61,383 (2018 - \$55,637) to their employees defined contribution pension plans. As of March 31, 2019, there were no required future contributions in respect of past service and all contributions required under the plan had been funded.

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### 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>

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### 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, 2019 it was not drawn on (2018 – nil).

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### 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 \$103,453 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, 2019

### 15. Reserves

The following are the balances of the non-consolidated reserves at the end of the year:

	<u>2019</u>	<u>2018</u>
Capital		
Landfill	\$ 20,498	\$ 15,679
Other	<u>3,129,099</u>	<u>2,984,945</u>
	<b>3,149,597</b>	3,000,624
Operating	<u>1,306,557</u>	<u>1,299,899</u>
	<b><u>\$ 4,456,154</u></b>	<b><u>\$ 4,300,523</u></b>

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, 2019, 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>2018</u>	<u>Issued</u>	<u>(Repaid)</u>	Balance March 31, <u>2019</u>	<u>Interest</u>
Municipal Finance Corporation, 2.054% to 3.489%, due 2029	\$ 586,668	\$ -	\$ (53,333)	\$ <b>533,335</b>	\$ 15,115
Municipal Finance Corporation, 2.49% to 3.389%, due 2029	-	577,018	-	<b>577,018</b>	11,007
Municipal Finance Corporation, 2.49% to 3.389%, due 2029	<u>1,375,000</u>	<u>1,250,000</u>	<u>(1,375,000)</u>	<u><b>1,250,000</b></u>	<u>64,711</u>
	<b><u>\$ 1,961,668</u></b>	<b><u>\$ 1,827,018</u></b>	<b><u>\$(1,428,333)</u></b>	<b><u>\$ 2,360,353</u></b>	<b><u>\$ 90,833</u></b>

Principal payments on long-term debt required during the next five years are as follows:

2020	\$ 207,184
2021	207,184
2022	207,184
2023	207,184
2024	207,184

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## Municipality of the District of Clare

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 17. Tangible capital assets

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Plant</u>	<u>Sidewalk</u>	<u>Sewer</u>
<b>Cost</b>						
Balance, beginning of year	\$ 194,562	\$ 968,658	\$ 7,195,083	\$ 1,434,665	\$ 322,815	\$ 6,937,538
Acquisition of tangible capital assets	10,503	-	1,037,677	-	-	577,594
Disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>205,065</u>	<u>968,658</u>	<u>8,232,760</u>	<u>1,434,665</u>	<u>322,815</u>	<u>7,515,132</u>
<b>Accumulated amortization</b>						
Balance, beginning of year	-	480,207	2,212,028	1,434,665	322,815	2,107,915
Annual amortization	-	38,320	183,686	-	-	140,793
Disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>-</u>	<u>518,527</u>	<u>2,395,714</u>	<u>1,434,665</u>	<u>322,815</u>	<u>2,248,708</u>
Net book value of tangible capital assets	<u>\$ 205,065</u>	<u>\$ 450,131</u>	<u>\$ 5,837,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,266,424</u>

# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

### 17. Tangible capital assets (continued)

	<u>Equipment &amp; Machinery</u>	<u>Computer Software</u>	<u>Vehicles</u>	<u>Leaseholds</u>	<u>2019 Total</u>	<u>2018 Total</u>
<b>Cost</b>						
Balance, beginning of year	\$ 1,965,861	\$ 58,996	\$ 175,904	\$ 1,593,294	<b>\$ 20,847,376</b>	\$ 20,195,206
Acquisition of tangible capital assets	-	-	-	-	<b>1,625,774</b>	804,477
Disposal of tangible capital assets	<u>(234,652)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(234,652)</u></b>	<u>(152,307)</u>
Balance, end of year	<u>1,731,209</u>	<u>58,996</u>	<u>175,904</u>	<u>1,593,294</u>	<b><u>22,238,498</u></b>	<u>20,847,376</u>
<b>Accumulated amortization</b>						
Balance, beginning of year	1,154,618	55,866	161,034	1,593,294	<b>9,522,442</b>	9,072,153
Annual amortization	101,901	1,251	(11,344)	-	<b>454,607</b>	488,376
Disposal of tangible capital assets	<u>(109,505)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(109,505)</u></b>	<u>(38,087)</u>
Balance, end of year	<u>1,147,014</u>	<u>57,117</u>	<u>149,690</u>	<u>1,593,294</u>	<b><u>9,867,544</u></b>	<u>9,522,442</u>
Net book value of tangible capital assets	<u>\$ 584,195</u>	<u>\$ 1,879</u>	<u>\$ 26,214</u>	<u>\$ -</u>	<b><u>\$ 12,370,954</u></b>	<u>\$ 11,324,934</u>

# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

### 18. Segment disclosure

	General Government	Protective	Transport.	Environ. Health	Public Health & Welfare	Environ. Develop.	Recreation & Culture	2019 Total	2018 Total
<b>Revenue</b>									
Taxes	\$1,034,636	\$1,391,225	\$ 74,462	\$1,304,506	\$ 502,487	\$ 187,584	\$ 759,163	<b>\$5,254,063</b>	\$5,130,088
Grants in lieu of taxes	27,405	36,850	1,972	34,553	13,310	4,969	20,109	<b>139,168</b>	139,280
Services provided to other governments	-	-	-	337,041	-	-	-	<b>337,041</b>	311,037
Other revenue from own sources	407,477	-	-	-	-	-	280,542	<b>688,019</b>	671,031
Unconditional transfers from other governments	273,210	-	-	-	68,883	-	10,500	<b>352,593</b>	347,146
Conditional transfers from federal and provincial governments and agencies	-	-	-	460,389	-	-	258,595	<b>718,984</b>	414,484
Interest	185,645	-	-	-	-	-	-	<b>185,645</b>	143,665
Other	<u>132,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b>132,235</b>	<u>5,900</u>
	<u>2,060,608</u>	<u>1,428,075</u>	<u>76,434</u>	<u>2,136,489</u>	<u>584,680</u>	<u>192,553</u>	<u>1,328,909</u>	<b>7,807,748</b>	<u>7,172,631</u>
<b>Expenses</b>									
Salaries and benefits	603,943	131,024	-	247,362	346,707	171,979	208,608	<b>1,709,623</b>	1,596,026
Goods and services	675,348	1,645,004	95,890	1,170,144	131,527	69,587	723,493	<b>4,510,993</b>	4,215,840
Amortization	53,088	443	-	262,405	104,146	-	34,525	<b>454,607</b>	488,376
Interest	<u>-</u>	<u>15,115</u>	<u>-</u>	<u>-</u>	<u>64,711</u>	<u>-</u>	<u>11,007</u>	<b>90,833</b>	<u>93,677</u>
	<u>1,332,379</u>	<u>1,791,586</u>	<u>95,890</u>	<u>1,679,911</u>	<u>647,091</u>	<u>241,566</u>	<u>977,633</u>	<b>6,766,056</b>	<u>6,393,919</u>
Annual surplus (deficit) before the undernoted	728,229	(363,511)	(19,456)	456,578	(62,411)	(49,013)	351,276	<b>1,041,692</b>	778,712
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,966</u>	<u>-</u>	<b>83,966</b>	<u>(114,220)</u>
Annual surplus (deficit)	<u>\$ 728,229</u>	<u>\$ (363,511)</u>	<u>\$ (19,456)</u>	<u>\$ 456,578</u>	<u>\$ (62,411)</u>	<u>\$ 34,953</u>	<u>\$ 351,276</u>	<b>\$1,125,658</b>	<u>\$ 664,492</u>

# Municipality of the District of Clare

## Notes to the Consolidated Financial Statements

March 31, 2019

### 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
<b>Revenues</b>			
Taxes	\$ 7,294,873	\$ (2,071,668)	\$ 5,223,205
Grants in lieu of taxes	139,164	-	139,164
Services provided to other governments	310,000	-	310,000
Other revenue from own sources	879,000	(125,000)	754,000
Unconditional transfers from other governments	346,694	-	346,694
Conditional transfers from federal and provincial governments and agencies	-	1,177,892	1,177,892
Interest	-	125,000	125,000
	<u>8,969,731</u>	<u>(893,776)</u>	<u>8,075,955</u>
<b>Expenditures</b>			
General government services	1,432,987	(40,912)	1,392,075
Protective services	2,014,045	(201,570)	1,812,475
Transportation services	96,240	-	96,240
Environmental health services	1,465,940	262,405	1,728,345
Public health and welfare services	571,792	204,776	776,568
Environmental development services	412,731	(153,500)	259,231
Recreational and cultural services	910,845	198,558	1,109,403
Education	1,759,896	(1,759,896)	-
Transfers to other agencies	305,255	(305,255)	-
	<u>8,969,731</u>	<u>(1,795,394)</u>	<u>7,174,337</u>
Annual surplus before the undernoted	-	901,618	901,618
Loss on disposal of tangible capital assets	-	-	-
Annual surplus	<u>\$ -</u>	<u>\$ 901,618</u>	<u>\$ 901,618</u>

### 20. Comparative figures

Prior year figures on the Consolidated Statement of Operations have been reclassified to conform to the current year presentation in these consolidated financial statements. Opening Accumulated Surplus has not been affected by the reclassifications.

# Municipality of the District of Clare

## Consolidated Schedules to Statement of Operations

Year Ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
1. Taxes			
Assessable property			
Residential	<u>\$ 4,787,712</u>	<u>\$ 4,787,712</u>	<u>\$ 4,733,687</u>
Commercial	<u>1,409,087</u>	<u>1,409,087</u>	<u>1,337,231</u>
Resource			
Taxable assessments	470,874	470,826	463,256
Forest property tax			
Less than 50,000 acres	25,208	25,030	25,208
50,000 acres or more	<u>8,526</u>	<u>8,458</u>	<u>8,526</u>
	<u>504,608</u>	<u>504,314</u>	<u>496,990</u>
Area rates			
Fire	286,676	286,681	282,195
Street lights	22,240	22,279	22,721
Sewer	<u>145,330</u>	<u>149,050</u>	<u>138,350</u>
	<u>454,246</u>	<u>458,010</u>	<u>443,266</u>
Special Assessments			
Frontage - Meteghan sewer	<u>5,000</u>	<u>6,459</u>	<u>5,514</u>
Business property			
Based on revenue (Aliant)	32,000	34,786	37,105
Nova Scotia Power Corporation	5,925	5,925	5,905
Power Corporation (HST rebate)	<u>13,000</u>	<u>12,366</u>	<u>15,607</u>
	<u>50,925</u>	<u>53,077</u>	<u>58,617</u>
Other			
Deed transfer tax	<u>82,000</u>	<u>101,613</u>	<u>89,961</u>
Reduction of tax revenues			
School board appropriation	(1,759,896)	(1,759,896)	(1,733,449)
Reduced taxes	(94,000)	(93,561)	(90,225)
Fire Fighting – area rate	<u>(216,477)</u>	<u>(212,752)</u>	<u>(211,504)</u>
	<u>(2,070,373)</u>	<u>(2,066,209)</u>	<u>(2,035,178)</u>
	<u>\$ 5,223,205</u>	<u>\$ 5,254,063</u>	<u>\$ 5,130,088</u>
2. Grants in lieu of taxes			
Federal government	\$ 21,107	\$ 22,112	\$ 21,428
Provincial government			
Property of supported institutions	<u>118,057</u>	<u>117,056</u>	<u>117,852</u>
	<u>\$ 139,164</u>	<u>\$ 139,168</u>	<u>\$ 139,280</u>



# Municipality of the District of Clare

## Consolidated Schedules to Statement of Operations

Year Ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
3. Services provided to other governments			
Landfill tipping fees	\$ 310,000	\$ 337,041	\$ 311,037
4. Other revenue from own sources			
Fines	\$ 30,000	\$ 28,856	\$ 34,124
Rentals	357,220	309,781	356,180
Building permits	30,000	28,592	32,825
Tourism	27,280	30,498	32,560
Registration fees	100	100	5,490
Recreation services	28,100	18,548	46,533
Gran Fondo	153,500	145,864	114,087
Clare 250	117,300	91,130	-
Congrès mondial acadien	-	25,000	-
Miscellaneous	10,500	9,650	49,232
	<u>\$ 754,000</u>	<u>\$ 688,019</u>	<u>\$ 671,031</u>
5. Unconditional transfers from other governments			
Provincial government			
Other grants	\$ 55,215	\$ 50,123	\$ 20,215
Tourism	5,500	10,500	40,952
Municipal Grants Act (operating)	223,087	223,087	223,087
Nova Scotia Health Authority operating grant	62,892	68,883	62,892
	<u>\$ 346,694</u>	<u>\$ 352,593</u>	<u>\$ 347,146</u>
6. Conditional transfers from federal and provincial governments and agencies			
Sewer extensions / upgrades	\$ 623,892	\$ 471,505	\$ 369,798
Provincial Gas Tax	554,000	247,479	44,686
	<u>\$ 1,177,892</u>	<u>\$ 718,984</u>	<u>\$ 414,484</u>
7. Interest			
Penalties and interest on taxes	\$ 102,000	\$ 91,238	\$ 97,767
Return on investments - Operating	23,000	36,576	22,945
Return on investments - Reserves and capital	-	57,831	32,944
	<u>\$ 125,000</u>	<u>\$ 185,645</u>	<u>\$ 153,656</u>
8. Other			
Transfer of Belliveau Cove Firehall	\$ -	\$ 102,235	\$ -
Transfer of St. Albert School	-	30,000	-
Other revenue	-	-	5,900
	<u>\$ -</u>	<u>\$ 132,235</u>	<u>\$ 5,900</u>
Total revenues	<u>\$ 8,075,955</u>	<u>\$ 7,807,748</u>	<u>\$ 7,172,622</u>

# Municipality of the District of Clare

## Consolidated Schedules to Statement of Operations

Year Ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
9. General government services			
Legislative			
Council and committee	\$ 167,963	\$ 171,352	\$ 164,787
Conventions	<u>30,000</u>	<u>25,258</u>	<u>20,790</u>
	<u>197,963</u>	<u>196,610</u>	<u>185,577</u>
General administrative			
Administrative	758,015	657,565	592,977
Amortization	53,088	53,088	50,508
Taxation			
Administration	28,500	29,383	26,571
Write-offs	-	58,400	-
Property valuation assessment services	<u>252,765</u>	<u>252,765</u>	<u>250,788</u>
	<u>1,092,368</u>	<u>1,051,201</u>	<u>920,844</u>
Other general government services			
Conventions	25,000	16,447	18,676
Grants to other organizations and individuals	40,000	31,332	42,125
General and liability insurance	36,744	36,789	31,282
Other	-	-	(11,539)
	<u>101,744</u>	<u>84,568</u>	<u>80,544</u>
	<u>\$ 1,392,075</u>	<u>\$ 1,332,379</u>	<u>\$ 1,186,965</u>
10. Protective services			
Law enforcement			
R.C.M.P. administration	\$ 1,123,798	\$ 1,116,359	\$ 1,107,539
By-law enforcement	2,500	-	1,184
Unsightly premises	1,000	730	146
Correction centres	<u>120,586</u>	<u>120,586</u>	<u>121,793</u>
	<u>1,247,884</u>	<u>1,237,675</u>	<u>1,230,662</u>
Fire protection			
Fire Fighting Force	<u>316,393</u>	<u>319,883</u>	<u>310,429</u>
Emergency Measures			
EMO	17,000	9,858	14,695
Senior security	37,054	37,054	36,651
Civic numbering	<u>6,000</u>	<u>939</u>	<u>2,634</u>
	<u>60,054</u>	<u>47,851</u>	<u>53,980</u>
Other			
Amortization	443	443	2,472
Animal and pest control	21,600	21,600	17,215
Building inspector	<u>166,101</u>	<u>164,134</u>	<u>166,144</u>
	<u>188,144</u>	<u>186,177</u>	<u>185,831</u>
	<u>\$ 1,812,475</u>	<u>\$ 1,791,586</u>	<u>\$ 1,780,902</u>

# Municipality of the District of Clare

## Consolidated Schedules to Statement of Operations

Year Ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
11. Transportation services			
Sidewalk maintenance	\$ 50,000	\$ 51,189	\$ 43,204
Street lighting	22,240	21,701	21,860
Public transit	23,000	23,000	23,000
Signs	<u>1,000</u>	<u>-</u>	<u>292</u>
	<u>\$ 96,240</u>	<u>\$ 95,890</u>	<u>\$ 88,356</u>
12. Environmental health services			
Public works	\$ 16,307	\$ 16,674	\$ 11,757
Treatment plant operations - Meteghan	138,224	135,837	125,775
Treatment plant operations - Church Point	26,000	17,452	15,625
Treatment plant operations - Belliveau Cove	19,160	18,695	15,283
Amortization	262,405	262,405	318,955
Garbage and waste collection and disposal			
Municipal collection	483,579	438,543	368,641
Blue bag sorting	98,000	103,930	86,092
Dump operation	198,087	194,421	166,073
Queens tipping fees	331,150	347,368	324,998
Regional solid waste management	15,000	12,309	12,542
Organic processing	72,000	65,961	68,419
Landfill closure costs	45,000	42,883	47,952
Beach cleanup	-	-	500
Western Regional Solid Waste			
Resource Management Authority	<u>23,433</u>	<u>23,433</u>	<u>22,410</u>
	<u>\$ 1,728,345</u>	<u>\$ 1,679,911</u>	<u>\$ 1,585,022</u>
13. Public health and welfare services			
Deficit of Tri-County Housing Authority	\$ 40,000	\$ 30,498	\$ 35,448
Other health			
Amortization	104,146	104,146	104,146
Clare Health Centre	617,422	510,447	556,191
Doctor recruitment	<u>15,000</u>	<u>2,000</u>	<u>1,238</u>
	<u>\$ 776,568</u>	<u>\$ 647,091</u>	<u>\$ 697,023</u>
14. Environmental development services			
Planning and zoning	\$ 6,000	\$ 438	\$ 4,342
Regional Development Authority	45,621	45,621	45,621
WREN – internet	-	-	18,596
Sub-division regulations	2,000	1,875	5,589
Economic/community development	200,610	189,488	179,721
Watershed planning	-	-	7,614
By-law planning	<u>5,000</u>	<u>4,144</u>	<u>3,814</u>
	<u>\$ 259,231</u>	<u>\$ 241,566</u>	<u>\$ 265,297</u>

# Municipality of the District of Clare

## Consolidated Schedules to Statement of Operations

Year Ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
15. Recreation and cultural services			
Administration	\$ 210,967	\$ 195,430	\$ 202,476
Amortization	34,525	34,525	12,295
Cultural sponsorships	92,000	27,000	23,500
Congrès mondial acadien	-	29,134	-
Gran Fondo	153,500	150,591	122,121
Clare 250	117,300	116,876	-
Société Historique	805	805	805
USA infrastructure	25,000	-	25,000
Tourism	217,201	198,751	196,458
Transfers to regional libraries	53,377	53,377	53,377
Veteran Centre	44,804	43,261	46,019
Municipal parks	11,453	14,568	12,197
Meteghan Library	31,300	32,191	29,995
Havelock Community Centre	2,117	1,539	2,123
Former schools	35,000	7,132	-
Cultural Hub	22,000	16,338	18,067
Eco park	41,021	36,131	33,784
St. Bernard Community Hall	17,033	19,984	12,137
	<u>\$ 1,109,403</u>	<u>\$ 977,633</u>	<u>\$ 790,354</u>
 Total expenses	 <u>\$ 7,174,337</u>	 <u>\$ 6,766,056</u>	 <u>\$ 6,393,918</u>