



Consolidated Financial Statements

Municipality of the District of Digby

March 31, 2016

Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Responsibility for Financial Reporting	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flow	7
Schedules to Consolidated Statement of Operations	8 - 12
Notes to the Consolidated Financial Statements	13 - 25



Independent Auditor's Report

Grant Thornton LLP
Basin Place
68 Water Street, PO Box 848
Digby, NS
B0V 1A0

T (902) 245-2553
F (902) 245-6161
www.GrantThornton.ca

Her Worship the Warden and Members of Council
Of the Municipality of the District of Digby

We have audited the accompanying consolidated financial statements of the Municipality of the District of Digby, which comprise the statement of financial position as at March 31, 2016, the statements of operations and accumulated surplus and changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality of the District of Digby'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 of the District of Digby's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of the District of Digby as at March 31, 2016, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on Pages 8 – 12 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Digby, Canada
July 25, 2016

Chartered Accountants

Management's Responsibility for the Consolidated Financial Statements

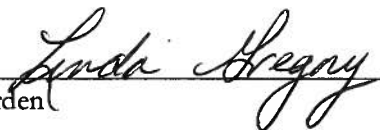
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial 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 Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and 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 Digby 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 Digby

X 
Warden

X 
CAO

Municipality of the District of Digby
Consolidated Statement of Operations and Accumulated Surplus
Year Ended March 31

2016 2015

	<u>Page</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue				
Taxes	8	\$ 5,046,648	\$ 5,063,680	\$ 5,091,726
Grants in lieu of taxes	9	581,716	590,481	473,390
Services provided to other governments	9	84,100	90,626	91,577
Sales of service	9	65,300	100,900	83,791
Other revenue from own sources	9	381,400	330,327	280,260
Unconditional transfers from other governments	9	357,113	356,976	357,005
Conditional transfers from other governments	9	3,088	3,074	918,651
Other		-	-	7,578
		<u>6,519,365</u>	<u>6,536,064</u>	<u>7,303,978</u>
Expenditures				
General government services	10	1,570,020	1,529,576	1,432,260
Protective services	11	2,211,877	2,197,059	2,128,068
Transportation services	11	766,260	684,155	704,450
Environmental health services	12	1,283,430	1,272,320	1,212,708
Public health and welfare services	12	45,000	43,756	42,346
Environmental development services	12	381,779	416,241	444,600
Recreational and cultural services	12	490,596	473,976	511,593
		<u>6,748,962</u>	<u>6,617,083</u>	<u>6,476,025</u>
Annual (deficit) surplus		\$ <u>(229,597)</u>	(81,019)	827,953
Accumulated surplus, beginning of the year			14,681,543	13,963,947
Surplus adjustment - Reserve Funds			-	(110,357)
Accumulated surplus, end of the year			\$ <u>14,600,524</u>	\$ <u>14,681,543</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Digby
Consolidated Statement of Financial Position**

March 31

2016

2015

Financial Assets

Cash and cash equivalents	\$ 3,108,231	\$ 1,318,923
Reserve Funds - Treasury Account	773,494	1,817,424
Tax sale surplus bank (Note 4)	490,005	331,459
Receivables (Note 2)	973,927	1,301,057
Pension benefit excess (Note 9)	441,434	461,902
	<u>5,787,091</u>	<u>5,230,765</u>

Liabilities

Tax sale surplus (Note 4)	489,845	331,459
Payables and accruals	670,423	765,090
Payable to fire departments	74,302	175,405
Deferred revenue (Note 6)	501,047	137,100
Long term debt (Note 7)	880,000	990,000
	<u>2,615,617</u>	<u>2,399,054</u>

Net financial assets

	<u>3,171,474</u>	<u>2,831,711</u>
--	------------------	------------------

Non-Financial Assets

Tangible capital assets (Note 5)	11,428,200	11,845,832
Prepaid expenses	850	4,000
	<u>11,429,050</u>	<u>11,849,832</u>

Accumulated surplus

	<u>\$ 14,600,524</u>	<u>\$ 14,681,543</u>
--	----------------------	----------------------

Commitments and contingencies (Notes 8 and 10)

On behalf of the Municipality of the District of Digby

X Linda Gregory

Warden

X Mark

CAO

See accompanying notes and schedules to the consolidated financial statements.

Municipality of the District of Digby
Consolidated Statement of Change in Net Financial Assets
Year Ended March 31

	2016		2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual (deficit) surplus	\$ (229,597)	\$ (81,019)	\$ 827,953
Acquisition of tangible capital assets	(1,884,200)	(66,058)	(1,181,193)
Amortization of tangible capital assets	483,690	483,690	426,365
Surplus adjustment - Reserve Funds	-	-	(110,357)
Change in prepaid expenses	-	3,150	16,807
(Decrease) increase in net Financial assets	\$ <u>(1,630,107)</u>	\$ <u>339,763</u>	\$ (20,425)
Net financial assets, beginning of year		<u>2,831,711</u>	<u>2,852,136</u>
Net financial assets, end of year		\$ <u>3,171,474</u>	\$ <u>2,831,711</u>

See accompanying notes and schedules to the consolidated financial statements.

Municipality of the District of Digby
Consolidated Statement of Cash Flow

Year Ended March 31

2016

2015

	2016	2015
Operating activities		
Annual (deficit) surplus	\$ (81,019)	\$ 827,953
Changes in non-cash working capital		
Amortization of tangible capital assets	483,690	426,365
Surplus adjustment - Reserve Funds	-	(110,357)
Decrease in treasury account	1,043,930	303,707
Increase in tax sale surplus bank	(158,546)	(5,769)
Decrease in prepaid expense	3,150	16,807
Decrease (increase) in receivables	327,130	(225,801)
Decrease (increase) in pension benefit excess	20,468	(77,268)
Increase in tax sale surplus	158,386	5,769
(Decrease) increase in payables	(94,667)	163,393
(Decrease) increase in payable to fire departments	(101,103)	175,405
Increase (decrease) increase in deferred revenue	363,947	(475,783)
	<u>1,965,366</u>	<u>1,024,421</u>
Investing activities		
Acquisition of tangible capital assets	(66,058)	(1,181,193)
	<u>(66,058)</u>	<u>(1,181,193)</u>
Financing activities		
Repayment of long term debt	(110,000)	(110,000)
	<u>(110,000)</u>	<u>(110,000)</u>
Change in cash and cash equivalents	1,789,308	(266,772)
Cash and cash equivalents		
Beginning of year	<u>1,318,923</u>	<u>1,585,695</u>
End of year	<u>\$ 3,108,231</u>	<u>\$ 1,318,923</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Digby
Schedules to Consolidated Statement
of Operations**

Year Ended March 31

2016

2015

REVENUE

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 4,397,485	\$ 4,390,680	\$ 4,282,628
Commercial property	818,904	846,997	833,941
Resource			
Taxable assessments	323,193	319,685	295,895
Recreational	1,521	1,597	1,521
Forest (less than 50,000 acres)	24,415	24,401	24,759
Forest (50,000 acres or more)	33,700	33,700	33,697
Collection for other municipalities	196,324	198,539	191,848
Protective services	4,094	2,114	2,125
Sidewalks	10,194	11,686	11,337
Street light rate	136,689	140,498	138,020
Digby Neck fire rate	24,589	24,560	23,870
Smith's Cove fire rate	22,412	22,199	21,722
Freeport fire rate	6,513	6,462	6,269
Tiverton fire rate	4,905	4,868	4,761
Westport fire rate	6,205	6,198	6,065
Brighton/Barton fire rate	22,164	21,928	21,393
Plympton fire rate	14,842	14,832	14,446
Weymouth fire rate	59,174	59,094	57,577
Bear River fire rate	11,619	11,474	11,271
Digby fire rate	60,690	61,408	59,845
Southville fire rate	11,056	11,018	10,358
J Class road rate	5,337	5,337	5,335
Sewage charges	164,000	165,857	163,478
Business property			
Based on revenue (Aliant)	54,000	52,909	54,921
NS Power HST rebate	24,230	22,586	24,230
Other taxes			
Deed Transfer tax	190,000	183,872	335,045
Wind turbine tax	195,608	195,598	193,671
Transmission of taxes collected for other governments and bodies			
Fire Departments	(239,286)	(239,286)	(232,948)
Villages	(191,907)	(191,109)	(188,222)
Education expenses as a reduction of tax revenue			
Appropriation to regional school board	(1,346,022)	(1,346,022)	(1,317,132)
	<u>\$ 5,046,648</u>	<u>\$ 5,063,680</u>	<u>\$ 5,091,726</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Digby
Schedules to Consolidated Statement
of Operations**

March 31	2016		2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Grants in lieu of taxes			
Federal government	\$ 23,000	\$ 29,372	\$ 26,916
Provincial government			
Crown timberland	61,000	60,965	61,322
Department of Energy	1,866	1,989	1,866
Provincial Property and supported institutions	48,000	50,305	48,976
Nova Scotia Power Corporation	447,850	447,850	334,310
	<u>\$ 581,716</u>	<u>\$ 590,481</u>	<u>\$ 473,390</u>
Services provided to other governments	<u>\$ 84,100</u>	<u>\$ 90,626</u>	<u>\$ 91,577</u>
Sales of service			
General government services	1,000	575	925
Protective services	9,600	8,448	10,264
Transportation services (airport)	54,700	91,877	72,602
	<u>\$ 65,300</u>	<u>\$ 100,900</u>	<u>\$ 83,791</u>
Other revenue from own sources			
Licenses and permits	\$ 10,000	\$ 9,865	\$ 9,809
Fines	10,100	16,299	12,756
Return on investment	31,000	33,213	33,820
Interest on taxes	130,000	133,564	153,557
Miscellaneous	42,800	123,219	69,227
Comfit	157,500	13,075	252
Tax sale fees	-	1,092	839
	<u>\$ 381,400</u>	<u>\$ 330,327</u>	<u>\$ 280,260</u>
Unconditional transfers from other governments			
Provincial government			
Assessment Act, Farm Property Acreage	17,897	17,897	17,772
Resource recovery fund	5,600	5,463	5,617
Department of municipal affairs equalization grants	333,616	333,616	333,616
	<u>\$ 357,113</u>	<u>\$ 356,976</u>	<u>\$ 357,005</u>
Conditional transfers from other governments			
Other			
Heritage Tourism	\$ -	\$ -	\$ 21,169
Renewable Energy	-	-	12,809
Parks and Open Space	-	-	15,000
Trail	-	-	25,000
Grants for Capital Projects			
Federal gas tax rebate	-	-	841,585
Provincial Government			
EMO 911 recovery fee	3,088	3,074	3,088
	<u>\$ 3,088</u>	<u>\$ 3,074</u>	<u>\$ 918,651</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Digby
Schedules to Consolidated Statement
of Operations**

Year Ended March 31

2016

2015

EXPENDITURES

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Warden	\$ 44,563	\$ 45,405	\$ 46,102
Council	116,784	105,059	106,134
General administrative			
Administrative	91,306	91,376	88,102
Administrative support staff	276,377	274,219	266,796
Taxations			
Dangerous and unsightly premises	1,000	-	625
By-law exemptions	42,000	41,293	40,496
Bad debts (recovery)	-	(7,159)	7,756
Transfers for assessment services	190,766	189,700	190,766
Property tax exemption	28,000	31,144	24,955
Seasonal business reduction	17,267	15,861	16,844
Advertising	25,500	16,495	19,901
Audit and legal	45,000	33,360	43,436
Elections and enumerations	-	-	26
Employee benefits	147,022	144,740	150,181
Pension contributions	62,991	65,779	55,051
Pension adjustment	-	22,032	(73,722)
Common services	12,000	11,263	11,368
Insurance	27,072	27,074	24,061
Office operations	17,500	13,723	21,654
Office administration	102,000	94,832	83,430
Technology improvements	70,643	71,399	72,384
Bank and other fees	43,300	46,237	39,562
Other taxes	15,028	15,028	14,225
Conditional transfers to other governments and agencies	29,000	29,000	29,000
Other general government services			
Conventions and travel - administration	10,000	9,905	9,225
Conventions and travel - council	33,000	26,261	22,707
Grants to organizations and individuals	81,047	74,696	78,004
	<u>1,529,166</u>	<u>1,488,722</u>	1,389,069
Amortization	<u>40,854</u>	<u>40,854</u>	<u>43,191</u>
	<u>\$ 1,570,020</u>	<u>\$ 1,529,576</u>	<u>\$ 1,432,260</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Digby
Schedules to Consolidated Statement
of Operations**

Year Ended March 31

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Crime, investigation prevention and protection services	\$ 1,184,269	\$ 1,183,236	\$ 1,158,776
Prosecuting attorney	3,500	3,698	4,194
Senior safe program	13,000	15,000	13,000
Special investigations	4,000	4,446	3,117
Law enforcement			
Transfer to correctional services	106,953	106,953	107,918
Bylaw enforcement	500	-	435
Fire protection			
Grants - community fire departments	405,234	405,152	391,246
Hydrants	33,000	34,772	32,997
Emergency measures	16,800	14,825	15,243
Radio dispatch system	220,240	206,844	208,425
Other			
Animal and pest control	36,600	33,790	19,541
Buildings - salaries	144,758	145,069	138,999
- expenses	29,000	29,251	22,118
	<u>2,197,854</u>	<u>2,183,036</u>	<u>2,116,009</u>
Amortization	<u>14,023</u>	<u>14,023</u>	<u>12,059</u>
	<u>\$ 2,211,877</u>	<u>\$ 2,197,059</u>	<u>\$ 2,128,068</u>
Transportation services			
Road transport			
Administration	\$ 56,411	\$ 54,943	\$ 54,303
Sidewalk repairs	19,000	20,432	17,909
Street lighting	100,000	(3,478)	115,651
Public works - salaries	78,459	86,320	76,690
- expenses	20,700	19,709	16,871
Air transport			
Airport building	25,500	27,600	21,974
Office and telephone	16,100	20,712	13,851
Snow removal	7,000	3,340	8,366
Other	2,600	1,420	1,741
Fuel and oil	61,200	70,329	53,811
Maintenance	17,000	11,355	6,622
Administration of Public Transit	<u>216,224</u>	<u>225,407</u>	<u>203,800</u>
	<u>620,194</u>	<u>538,089</u>	<u>591,589</u>
Amortization	<u>146,066</u>	<u>146,066</u>	<u>112,861</u>
	<u>\$ 766,260</u>	<u>\$ 684,155</u>	<u>\$ 704,450</u>

See accompanying notes and schedules to the consolidated financial statements.

**Municipality of the District of Digby
Schedules to Consolidated Statement
of Operations**

Year Ended March 31

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Sewage collection and disposal			
Sewage collection systems	\$ 79,000	\$ 68,268	\$ 76,176
Sewage lift stations	34,500	36,025	40,880
Sewage treatment and disposal	77,000	71,656	61,761
Debenture interest	26,285	25,751	27,170
Solid Waste administration	16,800	16,630	16,801
Waste Water administration	12,246	6,389	5,092
Garbage and waste collection and disposal			
Garbage and waste collection	<u>809,667</u>	<u>819,669</u>	<u>751,965</u>
	<u>1,055,498</u>	<u>1,044,388</u>	<u>979,845</u>
Amortization	<u>227,932</u>	<u>227,932</u>	<u>232,863</u>
	<u>\$ 1,283,430</u>	<u>\$ 1,272,320</u>	<u>\$ 1,212,708</u>
Public health & welfare services			
Housing			
Deficit of Digby Housing Authority	<u>\$ 45,000</u>	<u>\$ 43,756</u>	<u>\$ 42,346</u>
Environmental development services			
Community development	\$ 49,000	\$ 53,906	\$ 127,548
Subdivision and planning	27,500	28,895	31,285
Community economic development			
Western Regional Enterprise Network	47,873	45,730	22,886
Industrial Commission	20,000	20,000	20,417
Tourism	23,500	35,344	8,076
Renewable energy development	172,381	99,852	77,031
Health Clinic Contribution	-	90,989	157,357
	<u>\$ 340,254</u>	<u>\$ 374,716</u>	<u>\$ 444,600</u>
Amortization	<u>41,525</u>	<u>41,525</u>	<u>-</u>
	<u>381,779</u>	<u>416,241</u>	<u>444,600</u>
Recreational and cultural services			
Administration and programs	\$ 285,771	\$ 281,705	\$ 261,812
Parks & trails	5,000	4,954	25,678
Parks & open space	-	6,001	36,343
Fundy Y	12,500	12,500	25,000
Heritage programs	71,575	63,702	50,436
Regional library	49,026	49,026	48,653
Digby library	28,000	19,992	16,393
Weymouth library	21,934	19,306	18,305
Westport library	3,500	3,500	3,582
	<u>477,306</u>	<u>460,686</u>	<u>486,202</u>
Amortization	<u>13,290</u>	<u>13,290</u>	<u>25,391</u>
	<u>\$ 490,596</u>	<u>\$ 473,976</u>	<u>\$ 511,593</u>

See accompanying notes and schedules to the consolidated financial statements.

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
March 31, 2016

1. Significant accounting policies

The consolidated financial statements of the Municipality of the District of Digby 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 Chartered Professional Accountants. 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.

Budget

The budget figures contained in these financial statements in Note 13 were approved by Council on May 25, 2015.

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 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.

(a) Operating Fund – Costs of providing services to the residents of the Municipality are budgeted based on the revenue generated from property tax assessments.

(b) Capital Fund – The capital fund contains the capital assets which are funded from long term financing and from operations.

(c) Reserve Funds – The reserve funds are restricted funds set by the Municipality for specific projects and are approved by council.

Valuation allowance

Uncollected taxes and rates

The Municipality provides a valuation allowance for estimated losses that will be incurred in collecting receivables outstanding through a combination of specific account identification and allowing for 20% of outstanding taxes.

Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, receivables, restricted funds and payables and accruals. Unless otherwise noted, it is the Council's opinion that the Municipality is not exposed to significant currency or credit risk arising from financial instruments. The fair market value of these financial instruments approximates their carrying values.

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
March 31, 2016

1. Significant accounting policies (continued)

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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

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 on overdue taxes and is recorded in the period the interest is levied.

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

(c) Other revenue is recorded when it is earned.

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 of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

Asset type	Years
Municipal buildings	40 years
Buildings and plants	25 years
Electronic data equipment	5 years
Small equipment	5 years
Machinery and equipment	15 years
Vehicles	5 years
Streets, roads and curbs	30 years
Sidewalks	25 years
Lagoons	50 years
Sanitary sewer lines	50 years
Street Lights	25 years
Wind turbine	20 years

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
 March 31, 2016

1. Significant accounting policies (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. School buildings formally under operational control of the Municipality have not been recorded as tangible capital assets, as it is more likely than not they would be sold and not put into municipal use.

2. Receivables		2016	2015	
Taxes receivable	<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ 820,500	\$ 820,500	\$ 737,684
Current year's levy	<u>6,135,282</u>	<u>-</u>	<u>6,135,282</u>	<u>6,058,653</u>
	6,135,282	820,500	6,955,782	6,796,337
Add				
Interest	<u>128,144</u>	<u>-</u>	<u>128,144</u>	<u>140,919</u>
	6,263,426	820,500	7,083,926	6,937,256
Deduct				
Current year's collections	<u>(5,716,782)</u>	<u>(577,842)</u>	<u>(6,294,624)</u>	<u>(6,116,756)</u>
Balance, end of year	\$ <u>546,644</u>	\$ <u>242,658</u>	\$ 789,302	\$ 820,500
Fire Departments			231,719	208,383
Town of Digby			20,858	37,599
Digby Annapolis Development Corporation			243,882	290,267
HST			28,402	(3,271)
Province of Nova Scotia			8,206	205,576
Other			<u>(17,538)</u>	<u>80,066</u>
			1,304,831	1,639,120
Asset valuation allowance for uncollectible taxes and other			<u>(330,904)</u>	<u>(338,063)</u>
			\$ <u>973,927</u>	\$ <u>1,301,057</u>

3. Bank indebtedness

The Municipality has an unsecured line of credit with a limit of \$1,000,000, and an interest rate of prime minus 0.75%, none of which is used at March 31, 2016 (2015 – nil).

4. Tax sale surplus

After a twenty year period of holding these funds in trust has expired, the cash will be transferred to the special reserve.

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
March 31, 2016

5. Tangible Capital assets

	<u>Opening Cost</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Cost</u>
Land	\$ 281,388	\$ -	\$ -	\$ -	281,388
Municipal Buildings	2,269,308	-	-	-	2,269,308
Buildings - plant	1,734,917	8,134	-	-	1,743,051
Electronic data equipment	127,677	-	-	-	127,677
Small Equipment	167,150	-	-	-	167,150
Machinery and equipment	1,731,877	2,690	-	-	1,734,567
Vehicles	145,562	-	-	-	145,562
Streets, roads and curbs	1,187,903	-	-	-	1,187,903
Sidewalks	217,504	-	-	-	217,504
Wind turbines	54,470	-	-	-	54,470
Street lights	661,098	55,234	-	-	716,332
Lagoons	1,484,784	-	-	-	1,484,784
Sanitary sewer lines	6,444,978	-	-	-	6,444,978
	<u>\$ 16,508,616</u>	<u>\$ 66,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,574,674</u>

	<u>Opening Accumulated Amortization</u>	<u>Amortization During the Year</u>	<u>Amortization on Disposals</u>	<u>Ending Accumulated Amortization</u>
Municipal Buildings	\$ 944,139	\$ 56,874	\$ -	1,001,013
Buildings - plant	556,999	69,397	-	626,396
Electronic data equipment	57,868	18,301	-	76,169
Small Equipment	164,433	1,359	-	165,792
Machinery and equipment	308,056	96,128	-	404,184
Vehicles	47,299	22,545	-	69,844
Streets, roads and curbs	846,227	22,963	-	869,190
Sidewalks	102,654	8,700	-	111,354
Wind turbines	2,723	2,723	-	5,446
Street lights	251	28,653	-	28,904
Lagoons	340,075	29,696	-	369,771
Sanitary sewer lines	1,292,060	126,351	-	1,418,411
	<u>\$ 4,662,784</u>	<u>\$ 483,690</u>	<u>\$ -</u>	<u>\$ 5,146,474</u>

	<u>NBV 2016</u>	<u>NBV 2015</u>
Land	\$ 281,388	281,388
Municipal Buildings	1,268,295	1,325,169
Buildings - plant	1,116,655	1,177,918
Electronic data equipment	51,508	69,809
Small Equipment	1,358	2,717
Machinery and equipment	1,330,383	1,423,821
Vehicles	75,718	98,263
Streets, roads and curbs	318,713	341,676
Sidewalks	106,150	114,850
Wind turbines	49,024	51,747
Street lights	687,428	660,847
Lagoons	1,115,013	1,144,709
Sanitary sewer lines	5,026,567	5,152,918
	<u>\$ 11,428,200</u>	<u>\$ 11,845,832</u>

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
March 31, 2016

6. Deferred revenue

Funds received with specific spending criteria and stipulations, are recorded in deferred revenue until these funds are spent on eligible expenditures. The majority of deferred revenues relate to gas tax funds received. These funds must be held in special reserve accounts until spent on specific expenditures in accordance with the Canada – Nova Scotia Gas Tax Agreement. The deferred revenue balance related specifically to gas tax funds changed during the year as follows:

	<u>2016</u>	<u>2015</u>
Opening balance	\$ 137,100	\$ 612,883
Funding received	363,947	365,801
Eligible expenditures	<u>-</u>	<u>(841,584)</u>
Ending balance	<u>\$ 501,047</u>	<u>\$ 137,100</u>

7. Long term debt

Municipal Finance Corporation debenture, bearing interest at rates from 1.285% to 3.614%, repayable in annual instalments of \$110,000 plus interest, maturing in 2023.

	<u>2016</u>	<u>2015</u>
	<u>\$ 880,000</u>	<u>\$ 990,000</u>

Principal repayments during the next five years are due as follows:

2017	\$110,000
2018	\$110,000
2019	\$110,000
2020	\$110,000
2021	\$110,000

All long term debt outstanding at year end has been properly authorized by Service Nova Scotia and Municipal Relations.

Interest expense on the long term debt during the year was \$26,283.

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
March 31, 2016

8. Commitments

Boards in which the Municipality of the District of Digby has less than 100% interest

The Municipality of the District of Digby is required to partially finance the operations of various boards and commissions, along with other municipal units.

Digby Housing Authority - 10.05% interest

Under an agreement between Canada Mortgage and Housing Corporation, the Nova Scotia Department of Housing, the Municipality of the District of Digby, Town of Digby and the Digby Housing Authority, the Digby Housing Authority has lease title to certain housing properties for control, operation, management and administration.

The equity in operations, amortization expense and advances for each project is determined under the respective agreements.

The Municipality of the District of Digby's net share of the 2016 operating deficit of the Digby Housing Authority which has been included in current expenditures was \$43,756 (2015 - \$42,346).

Regional Library - 14.06% interest

During the year ended March 31, 2016, the Municipality of the District of Digby paid \$49,026 (2015 - \$48,653) to the Regional Library.

Digby and Area Recreation Facility - 50% interest

During the year ended March 31, 2016, the Municipality of the District of Digby paid \$261,205 (2015 - \$230,759) as its share of operations for the Digby and Area Recreation Facility.

Digby Development Agency - 50% interest

During the year ended March 31, 2016, the Municipality of the District of Digby paid \$20,000 (2015 - \$20,417) as its share of operations for the Digby Development Agency.

Western Regional Enterprise Network - 20.37% interest

During the year ended March 31, 2016, the Municipality of the District of Digby contributed \$45,730 (2015 - \$22,886) to the Western Regional Enterprise Network.

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
March 31, 2016

8. Commitments (continued)

Digby Annapolis Development Corporation - 50% interest

During the year ended March 31, 2016, the Municipality of the District of Digby paid \$Nil (2015 - \$Nil) to the Digby Annapolis Development Corporation.

Provincial police service agreement

The Municipality of the District of Digby has entered into the Provincial Agreement to receive policing services for the period April 1, 2014 to March 31, 2032. The Municipality will be responsible for 30% of the cost to provide and maintain the Provincial Police Service. This agreement can be terminated at any point with written notice not let less than 24 months prior to termination.

Curb-side collection and transportation of source separated solid waste

The Municipality of the District of Digby has entered into a contract with Digby Salvage and Disposal Company Limited to collect and transport the Municipality's solid waste. The contract is effective April 1, 2015 to March 31, 2020. The monthly base cost expected for the respective fiscal years for 2016 through 2020 ranges from, \$35,000 to \$42,543. The amounts paid can be adjusted to reflect changes in fuel costs.

Transportation and disposal of solid waste

The Municipality of the District of Digby has entered into a contract with the Region of Queens Municipality and Waste Check to transport and dispose of the Municipality's solid waste at the solid waste disposal facility in Milton, NS. The contract is effective January 1, 2006 to March 31, 2027. The Municipality pays a transportation and disposal fee from \$67.50 to \$78.25/tonne. The fee may be increased based on the consumer price index for Nova Scotia.

Public transit services

Effective August 29, 2014, the Municipality has entered into an agreement with the Kings Transit Authority to provide public transportation services. The Municipality is responsible for the net operating costs of the defined route to be paid monthly. This agreement is in effect unless terminated by either party. The expense for the year was \$225,407 (2015 - \$203,800).

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
March 31, 2016

9. Pension plans

The Municipality contributes to a defined contribution pension plan that covers most of its employees. The plan provides pensions based on accumulated contributions made equally by employees and the Municipality. The expense for the year was \$65,779 (2015 - \$55,051).

The Municipality has a defined benefit plan whereby the spouse of one former employee receives a monthly pension. Actuarial valuations for accounting purposes are performed triennially using a going concern basis. The most recent actuarial valuation was prepared at March 31, 2014 and at that time the pension plan had an accrued benefit excess of \$384,634. The actuarial valuation was based on a number of assumptions about future events. The Municipalities actuary performed an extrapolation of the March 31, 2014 valuation to determine the position of the plan as at March 31, 2016. The accrued benefit excess is estimated to be \$441,434.

The following summarizes the major assumptions in the 2014 extrapolation:

- the expected inflation rate is 2.5%;
- the discount rate used to determine the accrued benefit obligation is 5%;
- the expected rate of return is 5%; and
- mortality assumption based on CPM2014 projected with mortality improvement scale CPM-B.

10. Contingencies

The Municipality has a revolving term credit in the amount of \$2,000,000 to allow individual fire departments in the Municipality to fund capital purchases (with each advance guaranteed by the Municipality) and to finance capital expenditures of smaller towns within the Municipality. The following balances are drawn on the line and guaranteed by the Municipality at year end:

The Municipality has guaranteed a loan for the Brighton Barton Fire Department in the amount of \$5,942 (2015 - \$17,442).

The Municipality has guaranteed a loan for the Plympton Fire Department in the amount of \$50,000 (2015 - \$60,000).

The Municipality has guaranteed a loan for the Weymouth Fire Department in the amount of \$39,260 (2015 - \$78,550).

The Municipality has guaranteed a loan for the Digby Fire Department in the amount of \$441,035 (2015 - \$149,500).

The fire rates are set to take into consideration the repayment of the loans and payments are up to date, there is no expectation for further loss to the Municipality.

The Municipality has guaranteed a loan for the Digby and Area Recreation Commission in the amount of \$30,000 at March 31, 2016. In 2015, there were two loans guaranteed, \$45,000 and \$106,027.

No amounts have been required for these guarantees in the past. Digby Area Recreation Commission is up to date with the payments and there is no expectation for loss to the Municipality.

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
March 31, 2016

11. Other matters

The total remuneration to each member of the council and senior management official are as follows:

	2016
<u>Council</u>	<u>Remuneration</u>
Adams, M.	\$ 21,722
Gregory, L.	32,589
MacAlpine, J.	23,119
Manzer, G.	21,722
Tudor, D.	21,722
<u>Senior Management</u>	
Chief Administrative Officer	\$ 91,376

12. Comparative figures

Certain of the comparative figures were adjusted to conform to the financial statement presentation adopted for the current year.

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
March 31, 2016

13. 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 have 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. The reconciling items include capital funding from other sources reported as revenue and amortization of tangible capital assets reported as expenses.

	Approved Operating Fiscal Plan	Adjustments	Fiscal Plan Per Financial Statements
Taxes	\$ 5,046,648	\$ -	\$ 5,046,648
Grants in lieu of taxes	581,716	-	581,716
Services provided to other governments	84,100	-	84,100
Sales of service	65,300	-	65,300
Other revenue from own sources	381,400	-	381,400
Unconditional transfers from other governments	357,113	-	357,113
Conditional transfers from other governments	3,088	-	3,088
	<u>6,519,365</u>	<u>-</u>	<u>6,519,365</u>
Expenditures			
General government services	1,529,166	40,854	1,570,020
Protective services	2,197,854	14,023	2,211,877
Transportation services	620,194	146,066	766,260
Environmental health services	1,055,498	227,932	1,283,430
Public health and welfare services	45,000	-	45,000
Environmental development services	340,254	41,525	381,779
Recreational and cultural services	477,306	13,290	490,596
	<u>6,265,272</u>	<u>483,690</u>	<u>6,748,962</u>
Annual surplus	254,093	(483,690)	(229,597)
Approved transfers	<u>(254,093)</u>	<u>254,093</u>	<u>-</u>
Planned annual result	\$ <u>-</u>	\$ <u>(229,597)</u>	\$ <u>(229,597)</u>

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
March 31, 2016

14. Segmented Information

The Municipality of the District of Digby 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.

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.

Transport Services

This department is responsible for transportation services within the Municipality. Its tasks include maintaining roads and sidewalks, street lighting, maintaining the airport and administering public transit.

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 Services

This department is responsible for their portion of the deficit of the Digby Housing Authority.

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.

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
 March 31, 2016

14. Segmented Information (continued)

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health Services	Environmental Development Services	Recreation and Culture Services	2016	
								Consolidated	Consolidated
Revenue									
Taxes	\$ 1,177,971	\$ 1,659,550	\$ 574,917	\$ 962,945	\$ 33,763	\$ 286,445	\$ 368,089	\$ 5,063,680	\$ 5,091,726
Grants in lieu of taxes	137,364	193,522	67,042	112,290	3,937	33,403	42,923	590,481	473,390
Services provided to other governments	21,082	29,701	10,289	17,234	604	5,127	6,588	90,625	91,577
Sales of services	575	8,448	91,877					100,900	83,791
Other revenue from own sources	196,745	51,923	15,165	38,474	891	17,421	9,709	330,328	618,181
Unconditional transfers from other governments	83,044	116,994	40,530	67,885	2,380	20,194	25,949	356,976	357,005
Conditional transfers from other governments	-	3,074	-	-	-	-	-	3,074	918,651
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	7,578
	1,616,781	2,063,212	799,820	1,198,828	41,575	362,590	453,258	6,536,064	7,641,899
Expenditures									
Salaries and benefits	748,610	385,703	86,320	-	-	99,852	-	1,320,485	1,159,330
Goods and services	389,563	1,334,265	414,942	1,018,637	43,756	163,875	460,686	3,825,724	3,862,498
Amortization	40,854	14,023	146,066	227,932	-	41,525	13,290	483,690	426,365
Interest	-	-	-	25,751	-	-	-	25,751	27,170
Other	350,549	463,068	36,827	-	-	110,989	-	961,433	1,000,662
	1,529,576	2,197,059	684,155	1,272,320	43,756	416,241	473,976	6,617,083	6,476,025
(Deficit) surplus for the year	\$ 87,205	\$ (133,847)	\$ 115,665	\$ (73,492)	\$ (2,181)	\$ (53,651)	\$ (20,718)	\$ (81,019)	\$ 1,165,874

Municipality of the District of Digby
Notes to the Consolidated Financial Statements
 March 31, 2016

15. Reserve Funds

	Municipal Auditor	Special Capital	Power Board	Airport	Trails	Recruitment	Heritage Church	Election	Gas Tax	2016 Total	2015 Total
Revenue											
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,420	\$ 5,420	\$ 12,636
Health Clinic Contribution	-	-	-	-	-	(90,986)	-	-	-	(90,986)	-
Transfers from (to) other funds	(5,000)	(24,512)	-	(755)	20,000	60,000	2,054	25,000	-	76,787	(436,633)
Annual (deficit) surplus	(5,000)	(24,512)	-	(755)	20,000	(30,986)	2,054	25,000	5,420	(8,779)	(423,997)
Accumulated surplus, beginning of year	5,000	241,389	36,003	755	30,000	339,271	26,524	16,881	12,636	708,459	1,242,813
Surplus adjustment	-	-	1,511	-	-	(1,511)	-	-	-	-	(110,357)
Accumulated surplus, end of year	\$ -	\$ 216,877	\$ 37,514	\$ -	\$ 50,000	\$ 306,774	\$ 28,578	\$ 41,881	\$ 18,056	\$ 699,680	\$ 708,459