

TOWN OF AMHERST
AMHERST, NOVA SCOTIA

CONSOLIDATED
FINANCIAL STATEMENTS
MARCH 31, 2007

**Town of Amherst
Table of Contents
March 31, 2007**

	<u>Page</u>
Consolidated Financial Statements	
Auditor's Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Financial Activities	2
Consolidated Statement of Changes in Financial Position	3
Schedule of Financial Position – General Operating Fund	4
Schedule of Financial Activities – General Operating Fund	5
Schedule of Financial Position – Water Operating Fund	6
Schedule of Financial Activities – Water Operating Fund	7
Schedule of Financial Position – General Capital Fund	8
Schedule of Financial Activities – General Capital Fund	9
Schedule of Financial Position – Water Capital Fund	10
Schedule of Financial Activities – Water Capital Fund	11
Schedule of Financial Position – Reserve Funds	12
Schedule of Financial Activities – Reserve Funds	13
Schedule of Financial Position – Cumberland Joint Services Management Authority Fund	14
Schedule of Financial Activities – Cumberland Joint Services Management Authority Fund	15
Notes to the Consolidated Financial Statements	16-25

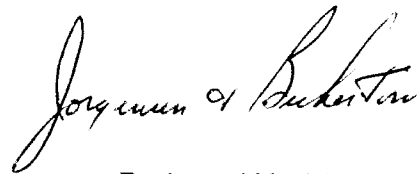
AUDITOR'S REPORT

**To His Worship the Mayor and
and Members of the Council of The Town of Amherst**

We have audited the consolidated statements of financial position of the Town of Amherst as at March 31, 2007 and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at March 31, 2007 and the results of the financial activities and the changes in its financial position for the year then ended in accordance with accounting principles for municipal governments established by the Canadian Institute for Chartered Accountants.



Registered Municipal Auditors

Amherst, Nova Scotia

August 3, 2007

Town of Amherst
Consolidated Statement of Financial Position
As at March 31, 2007

	<u>2007</u>	<u>2006</u>
Financial Assets		
Cash and Short Term Investments	\$ 850,170	\$ 942,316
Taxes and Rates Receivable (Note 4)	2,443,884	1,143,945
Total Financial Assets	<u>3,294,054</u>	<u>2,086,261</u>
Financial Liabilities		
Accounts Payable - Trade	1,329,605	1,041,783
Unfunded Pension Liability (Note 10)	1,343,160	1,799,208
Long Term Debt (Note 5)	4,840,844	3,654,424
Capital Lease Obligation	67,448	76,167
Other Liabilities	114,965	122,637
Total Financial Liabilities	<u>7,696,022</u>	<u>6,694,219</u>
Net Financial Assets (Liabilities)	<u>(4,401,968)</u>	<u>(4,607,958)</u>
Non Financial Assets		
Prepaid Expenses	144,059	147,753
Inventories of Supplies	113,802	104,942
Capital Assets (Net of Accumulated Depreciation)	47,154,778	42,941,435
Total Non Financial Assets	<u>47,412,639</u>	<u>43,194,130</u>
Net Assets (Liabilities)	<u>\$ 43,010,671</u>	<u>\$ 38,586,172</u>
Fund Balances		
General Operating Fund (Page 5)	\$ 86,193	\$ 60,703
Water Operating Fund (Page 7)	(844,055)	(969,329)
General Capital Fund (Page 9)	36,876,746	33,324,874
Water Capital Fund (Page 11)	7,978,085	7,759,962
Reserve Funds (Page 13)	2,033,443	1,377,997
CJSMA Fund (Page 15)	3,131,711	2,561,765
Total Fund Balances	<u>49,262,123</u>	<u>44,115,972</u>
Amounts to be Recovered from Future Revenue (Note 6)	<u>(6,251,452)</u>	<u>(5,529,800)</u>
Total Municipal Position	<u>\$ 43,010,671</u>	<u>\$ 38,586,172</u>

Town of Amherst
Consolidated Statement of Financial Activities

 For the Year Ended March 31, 2007

	Budget 2007	Actual 2007	Actual 2006
Revenue			
Taxes	\$ 9,997,362	\$ 9,989,588	\$ 9,664,653
Grants in Lieu of Taxes	273,525	302,339	239,540
Service to Other Governments	189,705	189,700	189,700
Sale of Services	2,333,490	3,375,830	3,124,679
Other Revenue from Own Sources	663,363	636,453	628,319
Unconditional Transfers from Government	1,087,554	1,087,554	923,532
Conditional Transfers from Government	238,157	245,403	241,344
Other (Note 7)	880,000	1,335,171	65,038
Total Revenue	<u>15,663,156</u>	<u>17,162,038</u>	<u>15,076,805</u>
Expenditures			
General Government Services	1,670,868	1,548,573	1,564,307
Protective Services	4,063,838	3,749,201	3,688,031
Transportation Services	1,618,256	1,583,714	1,419,530
Environmental Health Services	977,767	1,811,783	1,668,942
Public Health Services	152,000	202,315	153,713
Environmental Development Services	526,850	533,741	451,294
Recreation and Cultural Services	1,268,695	1,199,059	1,221,545
Education	1,329,084	1,329,084	1,301,724
Water Utility	1,679,200	1,507,902	1,535,625
Total Expenditures	<u>13,286,558</u>	<u>13,465,372</u>	<u>13,004,711</u>
Capital			
General Government	24,000	27,258	27,431
Protective Services	402,670	54,877	128,929
Transportation Services	797,941	785,065	101,095
Environmental Health Services	1,549,000	1,850,676	120,176
Recreation and Cultural Services	1,141,758	1,100,540	202,710
Water Utility	367,000	326,101	91,714
Total Capital	<u>4,282,369</u>	<u>4,144,517</u>	<u>672,055</u>
Net Revenue (Expenditures)	<u>(1,905,771)</u>	<u>(447,851)</u>	<u>1,400,039</u>
Financing and Transfers			
Debt Principal Repayment	(468,790)	(600,553)	(811,868)
Proceeds on Issuance of Debt	1,710,462	1,710,462	112,500
Lease Principal Repayment	(8,718)	(8,718)	(9,573)
Change in Equity	4,282,369	4,144,517	672,054
Net Financing and Transfers	<u>5,515,323</u>	<u>5,245,708</u>	<u>(36,887)</u>
Change in Fund Balances	3,609,552	4,797,857	1,363,152
Fund Balances, Beginning of Year	<u>41,554,207</u>	<u>44,464,266</u>	<u>42,752,820</u>
Fund Balances, End of Year	<u>\$ 45,163,759</u>	<u>\$ 49,262,123</u>	<u>\$ 44,115,972</u>

Town of Amherst
Consolidated Statement of Changes in Financial Position
As at March 31, 2007

	<u>2007</u>	<u>2006</u>
Increase (Decrease) in Cash and Cash Equivalents		
Operating Activities		
Net Revenue (Expenditures)	\$ (447,851)	\$ 1,400,037
Depreciation	153,758	141,000
Disposal of Equipment	21,330	-
Decrease (Increase) in Receivables	(1,299,939)	314,880
Increase (Decrease) in Payables	287,822	175,586
Increase (Decrease) in Other Liabilities	(7,672)	(28,824)
Decrease (Increase) in Prepaid Expenses	3,694	(6,329)
Decrease (Increase) in Inventory of Supplies	(8,860)	(18,554)
Total Operating Activities	<u>(1,297,718)</u>	<u>1,977,796</u>
Financing Activities		
Proceeds of Long Term Debt	1,710,462	112,500
Long Term Debt Repayment	(609,271)	(821,440)
Total Financing Activities	<u>1,101,191</u>	<u>(708,940)</u>
Investing Activities		
Purchase of Land	(15,000)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(211,527)	1,268,856
Cash and Cash Equivalents		
Beginning of Year	942,316	(326,540)
CJSMA Rate Differential	119,381	-
End of Year	<u>\$ 850,170</u>	<u>\$ 942,316</u>

Town of Amherst
Schedule of Financial Position - General Operating Fund
As at March 31, 2007

	<u>2007</u>	<u>2006</u>
Financial Assets		
Cash and Short Term Investments	\$ 273,429	\$ 206,525
Taxes and Rates Receivable	975,393	788,426
Total Financial Assets	<u>1,248,822</u>	<u>994,951</u>
Financial Liabilities		
Accounts Payable - Trade	1,206,919	966,950
Unfunded Pension Liability	1,181,981	1,583,303
Other Liabilities	114,965	122,637
Total Financial Liabilities	<u>2,503,865</u>	<u>2,672,890</u>
Net Financial Assets (Liabilities)	<u>(1,255,043)</u>	<u>(1,677,939)</u>
Non Financial Assets		
Prepaid Expenses	128,218	131,641
Inventories of Supplies	31,037	23,698
Total Non Financial Assets	<u>159,255</u>	<u>155,339</u>
Net Assets (Liabilities)	<u>\$ (1,095,788)</u>	<u>\$ (1,522,600)</u>
General Operating Fund Balance	\$ 86,193	\$ 60,703
Amounts to be Recovered from Future Revenue	<u>(1,181,981)</u>	<u>(1,583,303)</u>
General Operating Municipal Position	<u>\$ (1,095,788)</u>	<u>\$ (1,522,600)</u>

Town of Amherst
Schedule of Financial Activities - General Operating Fund
For the Year Ended March 31, 2007

	Budget 2007	Actual 2007	Actual 2006
Revenue			
Taxes	\$9,997,362	\$ 9,989,588	\$9,664,653
Grants in Lieu of Taxes	273,525	302,339	239,540
Service to Other Governments	189,705	189,700	189,700
Sale of Services	1,074,695	1,052,866	1,011,347
Other Revenue from Own Sources	684,363	657,453	649,319
Unconditional Transfers from Government	1,087,554	1,087,554	923,532
Conditional Transfers from Government	10,200	9,552	15,812
Total Revenue	<u>13,317,404</u>	<u>13,289,052</u>	<u>12,693,903</u>
Expenditures			
General Government Services	1,670,868	1,509,538	1,534,671
Protective Services	4,126,838	3,812,327	3,751,439
Transportation Services	2,026,756	1,993,817	1,860,530
Environmental Health Services	1,027,962	1,010,890	1,004,382
Public Health Services	152,000	202,315	153,713
Environmental Development Services	526,850	533,741	451,294
Recreation and Cultural Services	1,284,245	1,246,851	1,230,226
Education	1,329,084	1,329,084	1,301,724
Total Expenditures (Note 8)	<u>12,144,603</u>	<u>11,638,563</u>	<u>11,287,979</u>
Net Revenue (Expenditures)	<u>1,172,801</u>	<u>1,650,489</u>	<u>1,405,924</u>
Financing and Transfers			
Debt Principal Repayment	(433,290)	(433,289)	(607,063)
Debt Principal Repayment on Internal Borrowing	(20,000)	(20,000)	(20,000)
Lease Principal Repayment	(8,718)	(8,718)	(9,573)
Transfers to Reserves	(487,985)	(940,184)	(525,612)
Transfers to General Capital	(222,808)	(222,808)	(208,800)
Net Financing and Transfers	<u>(1,172,801)</u>	<u>(1,624,999)</u>	<u>(1,371,048)</u>
Change in General Operating Fund Balance	-	25,490	34,876
General Operating Fund Balance, Beginning of Year	-	<u>60,703</u>	<u>25,827</u>
General Operating Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 86,193</u>	<u>\$ 60,703</u>

Town of Amherst
Schedule of Financial Position - Water Operating Fund
As at March 31, 2007

	<u>2007</u>	<u>2006</u>
Financial Assets		
Cash	\$ (1,046,492)	\$ (1,254,887)
Receivables	195,952	227,363
Total Financial Assets	<u>(850,540)</u>	<u>(1,027,524)</u>
Financial Liabilities		
Accounts Payable - Trade	76,280	23,049
Unfunded Pension Liability	161,179	215,905
Total Financial Liabilities	<u>237,459</u>	<u>238,954</u>
Net Financial Assets (Liabilities)	<u>(1,087,999)</u>	<u>(1,266,478)</u>
Non Financial Assets		
Inventories of Supplies	<u>82,765</u>	<u>81,244</u>
Net Assets (Liabilities)	<u>\$ (1,005,234)</u>	<u>\$ (1,185,234)</u>
Water Operating Fund Balance	\$ (844,055)	\$ (969,329)
Amounts to be Recovered from Future Revenue	<u>(161,179)</u>	<u>(215,905)</u>
Water Operating Municipal Position	<u>\$ (1,005,234)</u>	<u>\$ (1,185,234)</u>

Town of Amherst
Schedule of Financial Activities - Water Operating Fund
For the Year Ended March 31, 2007

	Budget 2007	Actual 2007	Actual 2006
Revenue			
Metered	\$ 874,000	\$ 821,233	\$ 772,127
Flat	89,000	95,135	90,837
Public Fire Protection	417,200	418,848	449,745
Sprinkler Service	9,000	7,870	6,734
Sale of Services	12,000	5,116	23,460
Sundry	5,000	525	725
Other - Non-Operating Revenue	70,340	19,884	24,005
Total Revenue	<u>1,476,540</u>	<u>1,368,611</u>	<u>1,367,633</u>
Expenditures			
Source of Supply	5,944	-	1,121
Power and Pumping	135,000	110,804	112,329
Water Treatment	7,000	4,409	3,405
Transmission and Distribution	648,500	548,967	549,585
Administrative	584,256	543,657	538,684
Total Expenditures (Note 8)	<u>1,380,700</u>	<u>1,207,837</u>	<u>1,205,124</u>
Net Revenue (Expenditures)	<u>95,840</u>	<u>160,774</u>	<u>162,509</u>
Financing and Transfers			
Debt Principal Repayment	(35,500)	(35,500)	(90,624)
Net Financing and Transfers	<u>(35,500)</u>	<u>(35,500)</u>	<u>(90,624)</u>
Change in Water Operating Fund Balance	60,340	125,274	71,885
Water Operating Fund Balance, Beginning of Year	-	(969,329)	(1,041,214)
Water Operating Fund Balance, End of Year	<u>\$ 60,340</u>	<u>\$ (844,055)</u>	<u>\$ (969,329)</u>

Town of Amherst
Schedule of Financial Position - General Capital Fund
As at March 31, 2007

	<u>2007</u>	<u>2006</u>
Financial Assets		
Cash	\$ (1,461,484)	\$ (237,082)
Receivables	1,160,535	-
Total Financial Assets	<u>(300,949)</u>	<u>(237,082)</u>
Financial Liabilities		
Long Term Debt	3,993,957	2,933,783
Loan to Capital Reserve	-	20,000
Capital Lease Obligation	67,448	76,167
Total Financial Liabilities	<u>4,061,405</u>	<u>3,029,950</u>
Net Financial Assets (Liabilities)	<u>(4,362,354)</u>	<u>(3,267,032)</u>
Non Financial Assets		
Capital Assets	<u>37,177,695</u>	<u>33,581,955</u>
Net Assets (Liabilities)	<u>\$ 32,815,341</u>	<u>\$ 30,314,923</u>
General Capital Fund Balance	\$ 36,876,746	\$ 33,324,874
Amounts to be Recovered from Future Revenue	<u>(4,061,405)</u>	<u>(3,009,951)</u>
General Capital Municipal Position	<u>\$ 32,815,341</u>	<u>\$ 30,314,923</u>

Town of Amherst
Schedule of Financial Activities - General Capital Fund

For the Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Revenue		
Federal Gas Tax Proceeds	\$ 227,957	\$ 225,532
Interest on Federal Gas Tax GIC	7,894	-
Donations for Capital Projects	73,827	-
Grants for Capital Projects	932,578	-
Contribution from Reserves for Land Purchase	15,000	-
Total Revenue	<u>1,257,256</u>	<u>225,532</u>
Capital Expenditures		
General Government	27,258	27,431
Protective Services	54,877	128,929
Transportation Services	785,065	101,095
Environmental Health Services	1,613,000	110,647
Recreation and Cultural Services	1,100,540	202,710
Total Capital Expenditures	<u>3,580,740</u>	<u>570,812</u>
Net Revenue (Expenditures)	<u>(2,323,484)</u>	<u>(345,280)</u>
Financing and Transfers		
Proceeds on Issuance of Debt	1,493,462	86,000
Payment on Internal Borrowing	20,000	20,000
Transfer from General Operating	222,808	208,800
Transfers from Reserves	930,197	210,700
Transfers to Reserves	(371,851)	(225,532)
Change in Equity	3,580,740	570,811
Net Financing and Transfers	<u>5,875,356</u>	<u>870,779</u>
Change in General Capital Fund Balance	3,551,872	525,499
General Capital Fund Balance, Beginning of Year	33,324,874	32,799,375
General Capital Fund Balance, End of Year	<u>\$ 36,876,746</u>	<u>\$ 33,324,874</u>

Town of Amherst
Schedule of Financial Position - Water Capital Fund
As at March 31, 2007

	<u>2007</u>	<u>2006</u>
Financial Assets		
Cash	\$ 129,967	\$ 84,187
Financial Liabilities		
Long Term Debt	<u>339,400</u>	<u>157,900</u>
Net Financial Assets (Liabilities)	<u>(209,433)</u>	<u>(73,713)</u>
Non Financial Assets		
Capital Assets (Net of Accumulated Depreciation)	<u>7,848,118</u>	<u>7,675,775</u>
Net Assets (Liabilities)	<u>\$ 7,638,685</u>	<u>\$ 7,602,062</u>
Water Capital Fund Balance	\$ 7,978,085	\$ 7,759,962
Amounts to be Recovered from Future Revenue	<u>(339,400)</u>	<u>(157,900)</u>
Water Capital Municipal Position	<u>\$ 7,638,685</u>	<u>\$ 7,602,062</u>

Town of Amherst
Schedule of Financial Activities - Water Capital Fund
For the Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Revenue		
Interest Income	\$ 1,123	\$ 2,343
Capital Expenditures		
Reservoirs & Standpipes	-	-
Distribution Mains	227,404	61,072
Meters	18,667	-
Power & Pumping	11,520	-
Purification	8,260	-
Computers	30,348	-
Transportation Equipment	29,902	30,642
Total Capital Expenditures	<u>326,101</u>	<u>91,714</u>
Net Revenue (Expenditures)	<u>(324,978)</u>	<u>(89,371)</u>
Financing and Transfers		
Proceeds on Issuance of Debt	217,000	26,500
Change in Equity	326,101	91,714
Net Financing and Transfers	<u>543,101</u>	<u>118,214</u>
Change in Water Capital Fund Balance	218,123	28,843
Water Capital Fund Balance, Beginning of Year	7,759,962	7,731,119
Water Capital Fund Balance, End of Year	<u>\$ 7,978,085</u>	<u>\$ 7,759,962</u>

Town of Amherst
Schedule of of Financial Position - Reserve Funds
As at March 31, 2007

	<u>2007</u>	<u>2006</u>
Financial Assets		
Cash	\$ 1,800,017	\$ 1,132,465
GIC - Federal Gas Tax Program	233,426	225,532
Loan from General Capital	-	20,000
Net Financial Assets	<u>\$ 2,033,443</u>	<u>\$ 1,377,997</u>
Reserve Fund Balances (Note 9)	<u>\$ 2,033,443</u>	<u>\$ 1,377,997</u>
Reserve Funds Municipal Position	<u>\$ 2,033,443</u>	<u>\$ 1,377,997</u>

Town of Amherst
Schedule of Financial Activities - Reserve Funds
For the Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Revenue		
Interest Income	\$ 1,000	\$ 2,568
Sale of Land	290,000	-
Value of Land Donated	16,020	4,125
Proceeds from Disposal of Equipment	5,623	13,415
Other	-	42,587
Total Revenue	<u>312,643</u>	<u>62,695</u>
Expenditures		
General Government	<u>39,035</u>	<u>35,400</u>
Net Revenue (Expenditures)	<u>273,608</u>	<u>27,295</u>
Financing and Transfers		
Transfer from General Operating	940,184	525,612
Transfer from General Capital	371,851	225,532
Transfer to General Capital	<u>(930,197)</u>	<u>(210,700)</u>
Net Financing and Transfers	<u>381,838</u>	<u>540,444</u>
Change in Reserve Fund Balances	655,446	567,739
Reserve Fund Balances, Beginning of Year	<u>1,377,997</u>	<u>810,258</u>
Reserve Fund Balances, End of Year	<u>\$ 2,033,443</u>	<u>\$ 1,377,997</u>

Town of Amherst
Schedule of Financial Position - Cumberland Joint Services Mgmt Authority Fund

 As at March 31, 2007

	<u>2007</u>	<u>2006</u>
Financial Assets		
Cash	\$ 921,307	\$ 785,576
Receivables	112,004	128,156
Total Financial Assets	<u>1,033,311</u>	<u>913,732</u>
Financial Liabilities		
Payables and Accruals	46,406	51,784
Long Term Debt	507,487	562,741
Total Financial Liabilities	<u>553,893</u>	<u>614,525</u>
Net Financial Assets (Liabilities)	<u>479,418</u>	<u>299,207</u>
Non Financial Assets		
Prepaid Expenses	15,841	16,112
Capital Assets	2,128,965	1,683,705
Total Non Financial Assets	<u>2,144,806</u>	<u>1,699,817</u>
Net Assets (Liabilities)	<u>\$ 2,624,224</u>	<u>\$ 1,999,024</u>
Fund Balances		
General Operating Fund	\$ 202,706	\$ 152,689
General Capital Fund	1,929,401	1,670,937
Reserve Fund	999,604	738,139
Total Fund Balances	<u>3,131,711</u>	<u>2,561,765</u>
Amounts to be Recovered from Future Revenue	<u>(507,487)</u>	<u>(562,741)</u>
Cumberland Joint Services Management Authority Municipal Position	<u>\$ 2,624,224</u>	<u>\$ 1,999,024</u>

Town of Amherst
Schedule of Financial Activities - Cumberland Joint Services Mgmt Authority Fund

 For the Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Revenue		
Solid Waste Operations	\$ 916,845	\$ 727,843
Compost Operations	100,997	97,395
Recycling Operations	165,827	134,835
Proceeds from Disposal of Equipment	20,871	-
Total Revenue	<u>1,204,540</u>	<u>960,073</u>
Expenditures		
Administration	113,403	95,782
Solid Waste Operations	430,466	354,882
Compost Operations	71,973	77,997
Recycling Operations	213,952	182,921
Capital Assets Acquired	237,676	9,529
Other	21,330	-
Total Expenditures	<u>1,088,800</u>	<u>721,111</u>
Net Revenue (Expenditures)	<u>115,740</u>	<u>238,962</u>
Financing and Transfers		
Debt Principal Repayment	(131,764)	(114,181)
Change in Equity	237,676	9,529
Net Financing and Transfers	<u>105,912</u>	<u>(104,652)</u>
Change in Cumb Joint Services Mgmt Auth Fund	221,652	134,310
Cumb Joint Services Mgmt Auth Fund Balance, Beginning of Year	<u>2,910,059</u>	<u>2,427,455</u>
Cumb Joint Services Mgmt Auth Fund Balance, End of Year	<u>\$ 3,131,711</u>	<u>\$ 2,561,765</u>

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Amherst are the representations of management prepared in accordance with Generally Accepted Accounting Principles for local governments as established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Town of Amherst and the changes thereto.

a) Reporting Entity

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

- General Operating and Capital
- Water Utility and Capital
- Operating and Capital Reserves
- Cumberland Joint Services Management Authority

Inter-departmental and inter-organizational transactions have been eliminated.

b) Fund Accounting

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

The operating funds reflect the financial activities associated with the provision of municipal government services.

The capital funds reflect the financial activities associated with the acquisition, construction and funding of capital assets.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Revenue and Expenditure Recognition

Revenues are recorded using the accrual basis of accounting as they are earned and measurable. Expenditures are accounted for in the period the goods and services are acquired and liability is incurred or transfer is due.

Property tax revenue is based on assessment determined in accordance with Nova Scotia Legislation. Tax rates are set annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal. Penalties on overdue taxes are recorded in the period levied.

d) Capital Assets

The historic costs for capital assets are recorded on the Statement of Financial Position. Capital assets and projects in progress are reported as expenditures in the statement of financial activities in the year of acquisition.

e) Inventory

Inventory is valued at the lower of cost and net realizable value.

f) Government Transfers

Government Transfers are recognized in the period in which the events giving rise to the transfer occur, providing transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

g) Investment Income

Investment income earned on surplus current funds, capital funds and reserve funds are reported as revenue in the period earned.

2. CONTRIBUTION TO BOARDS

The Town of Amherst is required to finance the operations of various Boards and Commissions, along with other Municipal Units in Cumberland County to the extent of its participation based on assessment or population formula.

In addition to any budgeted contributions, the Municipal Units share in the deficits or surpluses of these Boards based on their sharing percentages.

Cumberland Regional Housing Authority

The Town of Amherst along with other municipal units is required to finance its share of the operating deficit in the Cumberland Regional Housing Authority out of current year's operations. The deficit financed for 2006/07 was \$202,315 (2005/06 - \$153,713).

Downtown Amherst Revitalization Society

The Town of Amherst collects a tax levy on behalf of the Downtown Amherst Revitalization Society and remits these funds to it. The Town does not share in any surplus or deficits.

Cumberland Regional Library

During the year, the Town of Amherst paid \$49,200 (2005 - \$48,131) to the Cumberland Regional Library. The Town of Amherst does not share in any surplus or deficits.

3. CONTRIBUTION TO PROVINCIAL GOVERNMENT DEPARTMENTS & AGENCIES

The Town of Amherst is required to finance the operations of various provincial government departments and boards, along with other municipal units in the province, based upon formulas defined in legislation.

Education Contribution

The Town of Amherst is required to contribute to the Chignecto Central Regional School Board based on a calculation using the mandatory municipal education rate (set by the Minister of Education) times the Town of Amherst's uniform assessment. For 2006/07 the education contribution was the education tax rate of \$0.345 per \$100 of uniform assessment times the uniform assessment of \$385,241,813 for a total amount paid of \$1,329,084 (2005/06 - \$1,301,726).

Town of Amherst
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2007

3. CONTRIBUTION TO PROVINCIAL GOVERNMENT DEPARTMENTS & AGENCIES (cont'd)

Corrections Contribution

The required contribution for corrections is calculated first using an amount set by the Province, to be recovered from all municipal units. Fifty percent of this recovery amount is allocated among municipal units using each unit's uniform assessment as a percentage of provincial uniform assessment. The other fifty percent is allocated using each unit's number of dwelling units as a percentage of provincial dwelling units. During 2006/07 the Town of Amherst paid \$155,456 (2005/06 - \$153,740) to the Province for corrections services.

Assessment Services Contributions

The required contribution for assessment services is calculated first using an amount, set by the Province to be recovered from all municipal units. Fifty percent of this recovery amount is allocated among municipal units using each unit's uniform assessment as a percentage of provincial uniform assessment. The other fifty percent is allocated using each unit's number of assessment accounts as a percentage of provincial assessment accounts. During 2006/07 the Town of Amherst paid \$117,967 (2005/06 - \$114,236) to the Province for assessment services.

4. RECEIVABLES

	<u>2007</u>	<u>2006</u>
Taxes and Sewer	\$ 737,572	\$ 598,789
Water	195,952	227,363
HST Rebate	183,529	113,711
Capital Grants	932,578	-
Federal Gas Tax Program	227,957	-
Other	54,292	75,926
CJSMA - Tipping Fees	<u>112,004</u>	<u>128,156</u>
Totals	<u>\$ 2,443,884</u>	<u>\$ 1,143,945</u>

Taxes receivable have been recorded net of an allowance for doubtful accounts of \$283,617 (2006 - \$313,610). The allowance represents 100% of all outstanding business occupancy taxes and a review of all other accounts for possible uncollectible amounts.

Town of Amherst
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2007

5. LONG TERM DEBT

- a. The total principal repayments on long term debt in each of the next five years are as follows:

	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
General Government	\$ 7,700	\$ 7,700	\$ 7,700	\$ 6,000	\$ -
Protective Services	41,814	41,814	39,474	38,424	33,454
Transportation Services	285,668	285,668	257,328	209,893	167,593
Environmental Health Services	140,100	140,100	107,100	107,100	98,900
Recreation & Culture	39,627	39,627	34,467	34,467	34,467
Water Utility	49,967	49,967	29,967	29,967	24,667
Cumb. Joint Serv Mgmt Auth.	131,764	133,908	136,143	79,147	79,147
Totals	<u>\$ 696,640</u>	<u>\$ 698,784</u>	<u>\$ 612,179</u>	<u>\$ 504,998</u>	<u>\$ 438,228</u>

- b. Total long term debt payments for the year that are reported on the Consolidated Statement of Financial Activities are as follows:

	<u>2007</u>	<u>2006</u>
Principal	\$ 600,553	\$ 811,868
Interest	182,006	187,880
Total	<u>\$ 782,559</u>	<u>\$ 999,748</u>

All long term debt outstanding has been properly authorized by Service Nova Scotia and Municipal Relations. Debenture debt is issued on the credit and security of the Town of Amherst at large.

Town of Amherst
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2007

6. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUE

	<u>2007</u>	<u>2006</u>
General Capital Fund - Long Term Debt	\$ 3,993,957	\$ 2,933,786
Water Capital Fund - Long Term Debt	339,400	157,900
General Operating Fund - Unfunded Pension Obligation	1,181,981	1,583,303
Water Operating Fund - Unfunded Pension Obligation	161,179	215,905
General Capital Fund - Lease Obligation	67,448	76,165
Cumb. Joint Services Mgmt Auth. - Long Term Debt	507,487	562,741
	<u>\$ 6,251,452</u>	<u>\$ 5,529,800</u>

7. OTHER REVENUE

The following is a summary of the line item "Other" as reported in the Consolidated Statement of Financial Activities on Page 2:

	<u>Budget</u> <u>2007</u>	<u>Actual</u> <u>2007</u>	<u>Actual</u> <u>2006</u>
Interest Income	\$ -	\$ 2,123	\$ 4,911
Sale of Land	-	290,000	-
Value of Land Donated	-	16,020	4,125
Disposal of Equipment	-	2,731	12,317
Town Auction Proceeds	-	2,892	1,098
Donations & Grants for Capital Projects	880,000	1,006,405	-
Other	-	15,000	42,587
	<u>-</u>	<u>15,000</u>	<u>42,587</u>
Total	<u>\$ 880,000</u>	<u>\$ 1,335,171</u>	<u>\$ 65,038</u>

Town of Amherst
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2007

8. EXPENDITURES BY OBJECT

The following is a summary of the expenditures as reported in the Schedule of Financial Activities:

General Operating Fund – Page 5

	Budget 2007	Actual 2007	Actual 2006
Wages and Benefits	\$ 5,623,517	\$ 5,537,644	\$ 5,110,860
Interest on Long Term Debt	166,471	166,091	202,930
Administrative Costs	829,461	718,107	696,674
Building & Facility Costs	605,464	573,618	591,024
Vehicle & Equipment Costs	579,516	552,450	492,180
Materials & Supplies	452,560	414,005	434,517
Grants to Organizations	36,200	29,640	67,371
Other Municipal Costs	1,424,941	1,233,539	1,332,896
Fiscal Services	2,035,367	2,067,485	1,970,424
Fire Protection Charge	402,906	410,103	441,000
Tax Exemption Individuals	35,000	40,602	35,432
Cost Recovery	(46,800)	(104,721)	(87,329)
	<u>\$ 12,144,603</u>	<u>\$ 11,638,563</u>	<u>\$ 11,287,979</u>

Water Operating Fund – Page 7

	Budget 2007	Actual 2007	Actual 2006
Wages and Benefits	\$ 460,000	\$ 448,296	\$ 458,344
Interest on Long Term Debt	6,908	6,907	10,618
Administrative Costs	52,640	49,235	55,560
Building & Facility Costs	150,904	158,043	143,038
Vehicle & Equipment Costs	76,450	62,489	64,007
Materials & Supplies	288,000	181,198	200,397
Other Municipal Costs	173,840	129,712	102,381
Fiscal Services	171,958	171,957	171,000
Cost Recovery	-	-	(221)
	<u>\$ 1,380,700</u>	<u>\$ 1,207,837</u>	<u>\$ 1,205,124</u>

Town of Amherst
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2007

9. RESERVE FUND BALANCES

The following is a summary of the Reserve Fund Balances as reported in the Schedule of Financial Position – Reserve Funds on Page 12:

	<u>2007</u>	<u>2006</u>
<u>Capital Reserve</u>		
Sewage Treatment Plant - Uniform Charge	\$ 78,455	\$ -
Sewage Treatment Plant - Gas Tax	461,383	225,532
Sewer Purposes	197,000	197,000
Fire Training Centre	5,000	5,000
Uncompleted Funded Capital Projects fr Prior Years		
- Fire Truck (2006/07)	311,000	-
- Playground Equipment (2006/07)	25,000	-
Unappropriated Reserve Fund Equity	<u>96,707</u>	<u>1,955</u>
Total Capital Reserve Fund Balance	<u>\$ 1,174,544</u>	<u>\$ 429,487</u>
<u>Operating Reserve</u>		
Police Purposes	\$ 88,773	\$ 47,112
Police Proceeds of Crime	1,627	-
Debenture Retirement	114,985	-
Unappropriated Reserve Fund Equity	<u>653,514</u>	<u>901,398</u>
Total Operating Reserve Fund Balance	<u>\$ 858,899</u>	<u>\$ 948,510</u>
Total Capital & Operating Reserve Fund Balances	<u>\$ 2,033,443</u>	<u>\$ 1,377,997</u>

10. TOWN OF AMHERST PENSION PLAN

The Town of Amherst maintains a contributory defined benefit pension plan for all employees except the Police Department. The most recent actuarial valuation was at December 31, 2005.

Special payments expensed in 2006/07 total \$456,048 (2005/06 - \$230,697). The Unfunded Pension Obligation of \$1,343,160 (2005/06 - \$1,799,208) has been recognized in these consolidated financial statements as a liability (amount to be recovered from future revenue).

Subsequent to March 31, 2007 a new actuarial valuation has been completed of the Town of Amherst pension plan. Due to regulation changes to the Nova Scotia Pension Benefit Act and some investment gains, the special payment obligations will be significantly reduced.

11. PANS PENSION OBLIGATION

The Town of Amherst along with eight other municipalities was ordered by the Superintendent of Pensions to fund a deficiency in the Police Association of Nova Scotia (PANS) defined benefit pension plan. The Town of Amherst's share of the deficiency is \$827,300 over five years. The Town of Amherst and the eight other Municipalities have appealed this order to the Supreme Court of Nova Scotia and the outcome of the appeal is unknown at this time. No liability for this deficiency has been recognized in these financial statements.

12. GOVERNMENT PARTNERSHIP

Generally Accepted Accounting Principles for local governments as established by the Public Sector Accounting Board (PSAB) require a government's pro rata share of each of the assets, liabilities, revenues and expenditures (including capital expenditures) of any government partnership to be combined on a line by line basis with similar items in the government's financial statements. The Town of Amherst has a partnership with Cumberland Joint Services Management Authority which operates a landfill site in Little Forks. The Town of Amherst's pro rata share of Cumberland Joint Services Management Authority is included in these financial statements.

Town of Amherst
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2007

13. REMUNERATION PAID TO ELECTED OFFICIALS

<u>Name</u>	<u>Office</u>	<u>Remuneration</u>
Jerry Hallee	Mayor	\$ 16,956
George Baker	Deputy Mayor / Councillor	\$ 13,649
David March	Deputy Mayor / Councillor	\$ 13,905
Robert Angel	Councillor	\$ 13,196
Edward Chitty	Councillor	\$ 13,196
Dale Fawthrop	Councillor	\$ 13,196
Terry Rhindress	Councillor	\$ 13,196