

September 22, 2008

**To His Worship the Mayor
And Members of the Council of the Town of Amherst**

We have completed the audit of the Town of Amherst for the year ended March 31, 2008. Canadian Generally Accepted Auditing Standards require that we communicate the following information to you in relation to the Audit.

Auditor's Report

The auditor's report will be either an unqualified report, a report with qualifications or a complete denial of opinion.

The Town of Amherst Auditors Report is unqualified.

Auditor's Responsibility

Our responsibility as auditor's is to express an opinion on whether or not the financial statements present fairly in all material respects, the financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. The audit includes:

1. Assessing the risk that the financial statements may contain material misstatements as a result of fraud and errors.
2. Determining what internal controls exist to address such risk.
3. Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
4. In response to our risk assessment, we used a combination of tests and controls, tests of details and substantive analytical procedures. The objective of the test of controls is to evaluate whether certain controls operated effectively. The objective of the test of details is to detect material misstatements in the account balances and transaction streams. Substantive analytical procedures are used to identify differences between recorded amounts and expected amounts.

Should we become aware of any illegal act or an act of fraud, we will communicate this information direct to Council.

We are not aware of any illegal acts or acts of fraud.

Significant Accounting Principles

Management is responsible for the appropriate selection and application of accounting policies.

There were no new accounting policies adopted or changes applicable during the year.

To His Worship the Mayor
And Members of the Council of the Town of Amherst
Page 2
September 22, 2008

Significant Unusual Transactions

Subsequent to the March 31, 2008 year end, the Town of Amherst was ordered by the Superintendent of Pensions, to fund a deficiency in the Police Association of Nova Scotia defined benefit pension plan. (for details refer to Note 12 in the March 31, 2008 financial statements)

Disagreements With Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are significant to the financial statements or auditor's report.

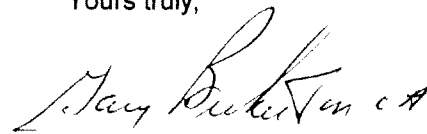
We had no disagreements with management during the course of the audit.

Difficulties Encountered During the Audit

No significant difficulties were encountered during our audit that should be brought to the attention of Council.

The above information is not all inclusive, but identifies the more important processes used during the audit.

Yours truly,



Gary L. Bickerton, CA
Partner

GB/aem



TOWN OF AMHERST

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008



**Town of Amherst
Table of Contents
March 31, 2008**

	<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
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, 2008 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, 2008 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 of Chartered Accountants.


Registered Municipal Auditors

Amherst, Nova Scotia

July 31, 2008

Town of Amherst
Consolidated Statement of Financial Position
As at March 31, 2008

	<u>2008</u>	<u>2007</u>
Financial Assets		
Cash and Short Term Investments	\$ 598,273	\$ 850,170
Taxes and Rates Receivable (Note 4)	1,847,296	2,443,884
Total Financial Assets	<u>2,445,569</u>	<u>3,294,054</u>
Financial Liabilities		
Accounts Payable - Trade	2,106,552	1,329,605
Unfunded Pension Liability (Note 10 & 12)	748,101	1,343,160
Long Term Debt (Note 5)	4,656,128	4,840,844
Capital Lease Obligation	58,228	67,448
Other Liabilities	276,831	114,965
Total Financial Liabilities	<u>7,845,840</u>	<u>7,696,022</u>
Net Financial Assets (Liabilities)	<u>(5,400,271)</u>	<u>(4,401,968)</u>
Non Financial Assets		
Prepaid Expenses	44,675	144,059
Inventories of Supplies	123,308	113,802
Capital Assets (Net of Accumulated Depreciation)	51,711,688	47,154,778
Total Non Financial Assets	<u>51,879,671</u>	<u>47,412,639</u>
Net Assets (Liabilities)	<u>\$ 46,479,400</u>	<u>\$ 43,010,671</u>
Fund Balances		
General Operating Fund (Page 5)	\$ 109,902	\$ 86,193
Water Operating Fund (Page 7)	(765,221)	(844,055)
General Capital Fund (Page 9)	39,355,128	36,876,746
Water Capital Fund (Page 11)	8,322,601	7,978,085
Reserve Funds (Page 13)	1,643,953	2,033,443
CJSMA Fund (Page 15)	3,275,494	3,131,711
Total Fund Balances	<u>51,941,857</u>	<u>49,262,123</u>
Amounts to be Recovered from Future Revenue (Note 6)	<u>(5,462,457)</u>	<u>(6,251,452)</u>
Total Municipal Position	<u>\$ 46,479,400</u>	<u>\$ 43,010,671</u>

Town of Amherst
Consolidated Statement of Financial Activities
For the Year Ended March 31, 2008

	Budget 2008	Actual 2008	Actual 2007
Revenue			
Taxes	\$ 10,585,436	\$ 10,566,518	\$ 9,989,588
Grants in Lieu of Taxes	288,378	305,114	302,339
Service to Other Governments	189,705	205,906	189,700
Sale of Services	3,440,725	3,389,172	3,375,830
Other Revenue from Own Sources	568,369	542,320	636,453
Unconditional Transfers from Government	1,143,027	1,143,027	1,087,554
Conditional Transfers from Government	412,173	425,132	245,403
Other (Note 7)	1,314,594	1,366,624	1,335,171
Total Revenue	<u>17,942,407</u>	<u>17,943,813</u>	<u>17,162,038</u>
Expenditures			
General Government Services	1,674,317	1,589,817	1,548,573
Protective Services - Police	2,858,575	3,624,133	2,455,787
Protective Services - Fire	1,365,234	1,265,281	1,293,414
Transportation Services	1,752,698	1,861,651	1,583,714
Environmental Health Services	2,074,613	2,098,197	1,811,783
Public Health Services	205,000	158,490	202,315
Environmental Development Services	562,500	492,002	533,741
Recreation and Cultural Services	1,276,577	1,196,617	1,199,059
Education	1,353,409	1,353,408	1,329,084
Water Utility	1,610,684	1,568,051	1,507,902
Total Expenditures	<u>14,733,607</u>	<u>15,207,647</u>	<u>13,465,372</u>
Capital			
General Government	99,000	2,587	27,258
Protective Services	451,750	419,625	54,877
Transportation Services	272,000	232,322	785,065
Environmental Health Services	659,236	578,763	1,850,676
Recreation and Cultural Services	3,295,487	3,225,380	1,100,540
Water Utility	500,000	286,933	326,101
Total Capital	<u>5,277,473</u>	<u>4,745,610</u>	<u>4,144,517</u>
Net Revenue (Expenditures)	<u>(2,068,673)</u>	<u>(2,009,444)</u>	<u>(447,851)</u>
Financing and Transfers			
Debt Principal Repayment	(757,591)	(757,591)	(600,553)
Proceeds on Issuance of Debt	582,500	582,500	1,710,462
Lease Principal Repayment	(9,221)	(9,221)	(8,718)
Change in Equity	5,277,473	4,745,610	4,144,517
Net Financing and Transfers	<u>5,093,161</u>	<u>4,561,298</u>	<u>5,245,708</u>
Change in Fund Balances	3,024,488	2,551,854	4,797,857
Fund Balances, Beginning of Year	<u>49,390,003</u>	<u>49,390,003</u>	<u>44,464,266</u>
Fund Balances, End of Year	<u>\$ 52,414,491</u>	<u>\$ 51,941,857</u>	<u>\$ 49,262,123</u>

Town of Amherst
Consolidated Statement of Changes in Financial Position
As at March 31, 2008

	<u>2008</u>	<u>2007</u>
Increase (Decrease) in Cash and Cash Equivalents		
Operating Activities		
Net Revenue (Expenditures)	\$ (2,009,444)	\$ (447,851)
Depreciation	163,857	153,758
Disposal of Equipment	-	21,330
Decrease (Increase) in Receivables	596,588	(1,299,939)
Increase (Decrease) in Payables	776,947	287,822
Increase (Decrease) in Other Liabilities	161,866	(7,672)
Decrease (Increase) in Prepaid Expenses	99,384	3,694
Decrease (Increase) in Inventory of Supplies	(9,506)	(8,860)
Total Operating Activities	<u>(220,308)</u>	<u>(1,297,718)</u>
Financing Activities		
Proceeds of Long Term Debt	582,500	1,710,462
Long Term Debt Repayment	(766,812)	(609,271)
Total Financing Activities	<u>(184,312)</u>	<u>1,101,191</u>
Investing Activities		
Purchase of Land	-	(15,000)
Net Increase (Decrease) in Cash and Cash Equivalents	(404,620)	(211,527)
Cash and Cash Equivalents		
Beginning of Year	850,170	942,316
CJSMA Rate Differential	152,723	119,381
End of Year	<u>\$ 598,273</u>	<u>\$ 850,170</u>

Town of Amherst
Schedule of Financial Position - General Operating Fund
As at March 31, 2008

	<u>2008</u>	<u>2007</u>
Financial Assets		
Cash and Short Term Investments	\$ 1,128,682	\$ 273,429
Taxes and Rates Receivable	990,212	975,393
Total Financial Assets	<u>2,118,894</u>	<u>1,248,822</u>
Financial Liabilities		
Accounts Payable - Trade	1,950,870	1,206,919
Unfunded Pension Liability	702,444	1,181,981
Other Liabilities	117,069	114,965
Total Financial Liabilities	<u>2,770,383</u>	<u>2,503,865</u>
Net Financial Assets (Liabilities)	<u>(651,489)</u>	<u>(1,255,043)</u>
Non Financial Assets		
Prepaid Expenses	29,673	128,218
Inventories of Supplies	29,274	31,037
Total Non Financial Assets	<u>58,947</u>	<u>159,255</u>
Net Assets (Liabilities)	<u>\$ (592,542)</u>	<u>\$ (1,095,788)</u>
General Operating Fund Balance	\$ 109,902	\$ 86,193
Amounts to be Recovered from Future Revenue	<u>(702,444)</u>	<u>(1,181,981)</u>
General Operating Municipal Position	<u>\$ (592,542)</u>	<u>\$ (1,095,788)</u>

Town of Amherst
Schedule of Financial Activities - General Operating Fund
For the Year Ended March 31, 2008

	Budget 2008	Actual 2008	Actual 2007
Revenue			
Taxes	\$ 10,585,436	\$ 10,566,518	\$ 9,989,588
Grants in Lieu of Taxes	288,378	305,114	302,339
Service to Other Governments	189,705	205,906	189,700
Sale of Services	976,603	984,553	1,052,866
Other Revenue from Own Sources	589,369	563,320	657,453
Unconditional Transfers from Government	1,143,027	1,143,027	1,087,554
Conditional Transfers from Government	108,700	112,997	9,552
Total Revenue	<u>13,881,218</u>	<u>13,881,435</u>	<u>13,289,052</u>
Expenditures			
General Government Services	1,674,317	1,584,817	1,509,538
Protective Services - Police	2,886,175	3,655,387	2,483,493
Protective Services - Fire	1,400,034	1,300,874	1,328,834
Transportation Services	2,165,786	2,274,739	1,993,817
Environmental Health Services	1,087,436	1,112,299	1,010,890
Public Health Services	205,000	158,490	202,315
Environmental Development Services	562,500	492,002	533,741
Recreation and Cultural Services	1,291,977	1,243,995	1,246,851
Education	1,353,409	1,353,408	1,329,084
Total Expenditures (Note 8)	<u>12,626,634</u>	<u>13,176,011</u>	<u>11,638,563</u>
Net Revenue (Expenditures)	<u>1,254,584</u>	<u>705,424</u>	<u>1,650,489</u>
Financing and Transfers			
Debt Principal Repayment	(520,345)	(520,345)	(433,289)
Debt Principal Repayment on Internal Borrowing	-	-	(20,000)
Lease Principal Repayment	(9,221)	(9,221)	(8,718)
Transfers from Reserves	49,732	1,063,502	-
Transfers to Reserves	(245,000)	(655,907)	(940,184)
Transfers to General Capital	(529,750)	(559,744)	(222,808)
Net Financing and Transfers	<u>(1,254,584)</u>	<u>(681,715)</u>	<u>(1,624,999)</u>
Change in General Operating Fund Balance	-	23,709	25,490
General Operating Fund Balance, Beginning of Year	-	86,193	60,703
General Operating Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 109,902</u>	<u>\$ 86,193</u>

Town of Amherst
Schedule of Financial Position - Water Operating Fund
As at March 31, 2008

	<u>2008</u>	<u>2007</u>
Financial Assets		
Cash	\$ (936,263)	\$ (1,046,492)
Receivables	192,478	195,952
Total Financial Assets	<u>(743,785)</u>	<u>(850,540)</u>
Financial Liabilities		
Accounts Payable - Trade	115,470	76,280
Unfunded Pension Liability	45,657	161,179
Total Financial Liabilities	<u>161,127</u>	<u>237,459</u>
Net Financial Assets (Liabilities)	<u>(904,912)</u>	<u>(1,087,999)</u>
Non Financial Assets		
Inventories of Supplies	<u>94,034</u>	<u>82,765</u>
Net Assets (Liabilities)	<u>\$ (810,878)</u>	<u>\$ (1,005,234)</u>
Water Operating Fund Balance	\$ (765,221)	\$ (844,055)
Amounts to be Recovered from Future Revenue	<u>(45,657)</u>	<u>(161,179)</u>
Water Operating Municipal Position	<u>\$ (810,878)</u>	<u>\$ (1,005,234)</u>

Town of Amherst
Schedule of Financial Activities - Water Operating Fund
For the Year Ended March 31, 2008

	Budget 2008	Actual 2008	Actual 2007
Revenue			
Metered	\$ 892,000	\$ 863,723	\$ 821,233
Flat	95,000	101,746	95,135
Public Fire Protection	422,363	422,888	418,848
Sprinkler Service	13,000	11,200	7,870
Sale of Services	12,000	19,145	5,116
Sundry	1,000	125	525
Other - Non-Operating Revenue	12,000	8,141	19,884
Total Revenue	<u>1,447,363</u>	<u>1,426,968</u>	<u>1,368,611</u>
Expenditures			
Source of Supply	3,000	321	-
Power and Pumping	117,900	134,176	110,804
Water Treatment	9,100	6,013	4,409
Transmission and Distribution	646,364	580,077	548,967
Administrative	538,032	552,580	543,657
Total Expenditures (Note 8)	<u>1,314,396</u>	<u>1,273,167</u>	<u>1,207,837</u>
Net Revenue (Expenditures)	<u>132,967</u>	<u>153,801</u>	<u>160,774</u>
Financing and Transfers			
Debt Principal Repayment	(49,967)	(49,967)	(35,500)
Transfer to Water Capital	(25,000)	(25,000)	-
Net Financing and Transfers	<u>(74,967)</u>	<u>(74,967)</u>	<u>(35,500)</u>
Change in Water Operating Fund Balance	<u>\$ 58,000</u>	<u>78,834</u>	<u>125,274</u>
Water Operating Fund Balance, Beginning of Year		<u>(844,055)</u>	<u>(969,329)</u>
Water Operating Fund Balance, End of Year		<u>\$ (765,221)</u>	<u>\$ (844,055)</u>

Town of Amherst
Schedule of Financial Position - General Capital Fund
As at March 31, 2008

	<u>2008</u>	<u>2007</u>
Financial Assets		
Cash	\$ (2,659,044)	\$ (1,461,484)
Receivables	535,303	1,160,535
Total Financial Assets	<u>(2,123,741)</u>	<u>(300,949)</u>
Financial Liabilities		
Long Term Debt	3,740,112	3,993,957
Capital Lease Obligation	58,228	67,448
Hold Back Payable	159,762	-
Total Financial Liabilities	<u>3,958,102</u>	<u>4,061,405</u>
Net Financial Assets (Liabilities)	<u>(6,081,843)</u>	<u>(4,362,354)</u>
Non Financial Assets		
Capital Assets	<u>41,638,631</u>	<u>37,177,695</u>
Net Assets (Liabilities)	<u>\$ 35,556,788</u>	<u>\$ 32,815,341</u>
General Capital Fund Balance	\$ 39,355,128	\$ 36,876,746
Amounts to be Recovered from Future Revenue	<u>(3,798,340)</u>	<u>(4,061,405)</u>
General Capital Municipal Position	<u>\$ 35,556,788</u>	<u>\$ 32,815,341</u>

Town of Amherst
Schedule of Financial Activities - General Capital Fund

 For the Year Ended March 31, 2008

	<u>2008</u>	<u>2007</u>
Revenue		
Federal Gas Tax Proceeds	\$ 303,473	\$ 227,957
Interest on Federal Gas Tax GIC	8,662	7,894
Donations for Capital Projects	16,161	73,827
Grants for Capital Projects	1,314,594	932,578
Contribution from Reserves for Land Purchase	-	15,000
Total Revenue	<u>1,642,890</u>	<u>1,257,256</u>
Capital Expenditures		
General Government	2,587	27,258
Protective Services	419,625	54,877
Transportation Services	232,322	785,065
Environmental Health Services	551,027	1,613,000
Recreation and Cultural Services	3,225,380	1,100,540
Total Capital Expenditures	<u>4,430,941</u>	<u>3,580,740</u>
Net Revenue (Expenditures)	<u>(2,788,051)</u>	<u>(2,323,484)</u>
Financing and Transfers		
Proceeds on Issuance of Debt	266,500	1,493,462
Payment on Internal Borrowing	-	20,000
Transfer from General Operating	559,744	222,808
Transfers from Reserves	340,383	930,197
Transfers to Reserves	(331,135)	(371,851)
Change in Equity	4,430,941	3,580,740
Net Financing and Transfers	<u>5,266,433</u>	<u>5,875,356</u>
Change in General Capital Fund Balance	<u>2,478,382</u>	<u>3,551,872</u>
General Capital Fund Balance, Beginning of Year	<u>36,876,746</u>	<u>33,324,874</u>
General Capital Fund Balance, End of Year	<u>\$ 39,355,128</u>	<u>\$ 36,876,746</u>

Town of Amherst
Schedule of Financial Position - Water Capital Fund
As at March 31, 2008

	<u>2008</u>	<u>2007</u>
Financial Assets		
Cash	\$ 365,866	\$ 129,967
Financial Liabilities		
Long Term Debt	<u>605,433</u>	<u>339,400</u>
Net Financial Assets (Liabilities)	<u>(239,567)</u>	<u>(209,433)</u>
Non Financial Assets		
Capital Assets (Net of Accumulated Depreciation)	<u>7,956,735</u>	<u>7,848,118</u>
Net Assets (Liabilities)	<u>\$ 7,717,168</u>	<u>\$ 7,638,685</u>
Water Capital Fund Balance	\$ 8,322,601	\$ 7,978,085
Amounts to be Recovered from Future Revenue	<u>(605,433)</u>	<u>(339,400)</u>
Water Capital Municipal Position	<u>\$ 7,717,168</u>	<u>\$ 7,638,685</u>

Town of Amherst
Schedule of Financial Activities - Water Capital Fund
For the Year Ended March 31, 2008

	<u>2008</u>	<u>2007</u>
Revenue		
Interest Income	\$ 3,516	\$ 1,123
Capital Expenditures		
Transmission Mains	215,546	-
Distribution Mains	-	227,404
Meters	10,721	18,667
Power & Pumping	620	11,520
Purification	-	8,260
Tools & Equipment	5,881	-
Computers	29,544	30,348
Transportation Equipment	24,621	29,902
Total Capital Expenditures	<u>286,933</u>	<u>326,101</u>
Net Revenue (Expenditures)	<u>(283,417)</u>	<u>(324,978)</u>
Financing and Transfers		
Proceeds on Issuance of Debt	316,000	217,000
Transfer from Water Operating	25,000	-
Change in Equity	286,933	326,101
Net Financing and Transfers	<u>627,933</u>	<u>543,101</u>
Change in Water Capital Fund Balance	344,516	218,123
Water Capital Fund Balance, Beginning of Year	7,978,085	7,759,962
Water Capital Fund Balance, End of Year	<u>\$ 8,322,601</u>	<u>\$ 7,978,085</u>

Town of Amherst
Schedule of of Financial Position - Reserve Funds
As at March 31, 2008

	<u>2008</u>	<u>2007</u>
Financial Assets		
Cash	\$ 870,435	\$ 1,800,017
GIC - Federal Gas Tax Program	773,518	233,426
Net Financial Assets	<u>\$ 1,643,953</u>	<u>\$ 2,033,443</u>
Reserve Fund Balances	<u>\$ 1,643,953</u>	<u>\$ 2,033,443</u>
Reserve Funds Municipal Position	<u>\$ 1,643,953</u>	<u>\$ 2,033,443</u>

Town of Amherst
Schedule of Financial Activities - Reserve Funds
For the Year Ended March 31, 2008

	<u>2008</u>	<u>2007</u>
Revenue		
Interest Income	\$ -	\$ 1,000
Sale of Land	-	290,000
Value of Land Donated	2,085	16,020
Proceeds from Disposal of Equipment	22,159	5,623
Other	8,109	-
Total Revenue	<u>32,353</u>	<u>312,643</u>
Expenditures		
General Government	<u>5,000</u>	<u>39,035</u>
Net Revenue (Expenditures)	<u>27,353</u>	<u>273,608</u>
Financing and Transfers		
Transfer from General Operating	655,907	940,184
Transfer from General Capital	331,135	371,851
Transfer to General Operating	(1,063,502)	-
Transfer to General Capital	(340,383)	(930,197)
Net Financing and Transfers	<u>(416,843)</u>	<u>381,838</u>
Change in Reserve Fund Balances	<u>(389,490)</u>	<u>655,446</u>
Reserve Fund Balances, Beginning of Year	<u>2,033,443</u>	<u>1,377,997</u>
Reserve Fund Balances, End of Year	<u>\$ 1,643,953</u>	<u>\$ 2,033,443</u>

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

 As at March 31, 2008

	<u>2008</u>	<u>2007</u>
Financial Assets		
Cash	\$ 1,055,079	\$ 921,307
Receivables	129,303	112,004
Total Financial Assets	<u>1,184,382</u>	<u>1,033,311</u>
Financial Liabilities		
Payables and Accruals	40,212	46,406
Long Term Debt	310,583	507,487
Total Financial Liabilities	<u>350,795</u>	<u>553,893</u>
Net Financial Assets (Liabilities)	<u>833,587</u>	<u>479,418</u>
Non Financial Assets		
Prepaid Expenses	15,002	15,841
Capital Assets	2,116,322	2,128,965
Total Non Financial Assets	<u>2,131,324</u>	<u>2,144,806</u>
Net Assets (Liabilities)	<u>\$ 2,964,911</u>	<u>\$ 2,624,224</u>
Cumberland Joint Services Fund Balance	\$ 3,275,494	\$ 3,131,711
Amounts to be Recovered from Future Revenue	<u>(310,583)</u>	<u>(507,487)</u>
Cumberland Joint Services Management Authority Municipal Position	<u>\$ 2,964,911</u>	<u>\$ 2,624,224</u>

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

 For the Year Ended March 31, 2008

	<u>2008</u>	<u>2007</u>
Revenue		
Solid Waste Operations	\$ 735,292	\$ 916,845
Compost Operations	112,478	100,997
Recycling Operations	192,109	165,827
Proceeds from Disposal of Equipment	-	20,871
Interest	31,786	-
Other	163,893	-
Total Revenue	<u>1,235,558</u>	<u>1,204,540</u>
Expenditures		
Administration	126,701	113,403
Solid Waste Operations	501,825	430,466
Compost Operations	114,018	71,973
Recycling Operations	289,832	213,952
Capital Assets Acquired	27,736	237,676
Other	-	21,330
Total Expenditures	<u>1,060,112</u>	<u>1,088,800</u>
Net Revenue (Expenditures)	<u>175,446</u>	<u>115,740</u>
Financing and Transfers		
Debt Principal Repayment	(187,279)	(131,764)
Change in Equity	27,736	237,676
Net Financing and Transfers	<u>(159,543)</u>	<u>105,912</u>
Change in Cumb Joint Services Mgmt Auth Fund	15,903	221,652
Cumb Joint Services Mgmt Auth Fund Balance, Beginning of Year	<u>3,259,591</u>	<u>2,910,059</u>
Cumb Joint Services Mgmt Auth Fund Balance, End of Year	<u>\$ 3,275,494</u>	<u>\$ 3,131,711</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. Cost being determined on a FIFO basis.

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 2007/08 was \$192,821 (2006/07 - \$202,315).

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 \$50,676 (2006/07 - \$49,200) 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 2007/08 the education contribution was the education tax rate of \$0.345 per \$100 of uniform assessment times the uniform assessment of \$392,292,538 for a total amount paid of \$1,353,408 (2006/07 - \$1,329,084).

Town of Amherst
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2008

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 2007/08 the Town of Amherst paid \$154,852 (2006/07 - \$155,456) 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 2007/08 the Town of Amherst paid \$118,020 (2006/07 - \$117,967) to the Province for assessment services.

4. RECEIVABLES

	<u>2008</u>	<u>2007</u>
Taxes and Sewer	\$ 730,232	\$ 737,572
Water	192,478	195,952
HST Rebate	259,980	183,529
Capital Grants	535,303	932,578
Federal Gas Tax Program	-	227,957
Other	-	54,292
CJSMA - Tipping Fees	<u>129,303</u>	<u>112,004</u>
Totals	<u>\$ 1,847,296</u>	<u>\$ 2,443,884</u>

Taxes receivable have been recorded net of an allowance for doubtful accounts of \$300,715 (2007 - \$283,617). 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, 2008

5. LONG TERM DEBT

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

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
General Government	\$ 7,700	\$ 7,700	\$ 6,000	\$ -	\$ -
Protective Services	41,814	39,474	38,424	33,454	9,561
Transportation Services	285,668	257,328	209,893	167,593	152,893
Environmental Health Services	158,533	125,533	125,533	117,333	76,333
Recreation & Culture	45,065	39,905	39,905	39,907	28,667
Water Utility	72,034	52,034	52,034	46,734	46,734
Cumb. Joint Serv Mgmt Auth.	66,027	66,027	66,027	66,027	-
Totals	<u>\$ 676,841</u>	<u>\$ 588,001</u>	<u>\$ 537,816</u>	<u>\$ 471,048</u>	<u>\$ 314,188</u>

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

	<u>2008</u>	<u>2007</u>
Principal	\$ 757,591	\$ 600,553
Interest	216,168	182,006
Total	<u>\$ 973,759</u>	<u>\$ 782,559</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, 2008

6. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUE

	<u>2008</u>	<u>2007</u>
General Capital Fund - Long Term Debt	\$ 3,740,112	\$ 3,993,957
Water Capital Fund - Long Term Debt	605,433	339,400
General Operating Fund - Unfunded Pension Obligation	702,444	1,181,981
Water Operating Fund - Unfunded Pension Obligation	45,657	161,179
General Capital Fund - Lease Obligation	58,228	67,448
Cumb. Joint Services Mgmt Auth. - Long Term Debt	310,583	507,487
	<u>\$ 5,462,457</u>	<u>\$ 6,251,452</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 2008</u>	<u>Actual 2008</u>	<u>Actual 2007</u>
Interest Income	\$ -	\$ 3,516	\$ 2,123
Sale of Land	-	-	290,000
Value of Land Donated	-	2,085	16,020
Disposal of Equipment	-	20,000	2,731
Town Auction Proceeds	-	2,159	2,892
Donations & Grants for Capital Projects	1,314,594	1,330,755	1,006,405
Other	-	8,109	15,000
	<u>1,314,594</u>	<u>1,366,624</u>	<u>1,335,171</u>
Total	<u>\$ 1,314,594</u>	<u>\$ 1,366,624</u>	<u>\$ 1,335,171</u>

Town of Amherst
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2008

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 2008	Actual 2008	Actual 2007
Wages and Benefits	\$ 6,054,300	\$ 6,795,579	\$ 5,537,644
Interest on Long Term Debt	201,227	201,227	166,091
Administrative Costs	831,718	664,361	718,107
Building & Facility Costs	576,972	571,087	573,618
Vehicle & Equipment Costs	611,297	573,682	552,450
Materials & Supplies	441,450	519,137	414,005
Grants to Organizations	39,100	127,510	29,640
Other Municipal Costs	1,362,145	1,238,335	1,233,539
Fiscal Services	2,104,087	2,106,950	2,067,485
Fire Protection Charge	413,088	413,088	410,103
Tax Exemption Individuals	45,000	43,578	40,602
Cost Recovery	(53,750)	(78,523)	(104,721)
	<u>\$ 12,626,634</u>	<u>\$ 13,176,011</u>	<u>\$ 11,638,563</u>

Water Operating Fund – Page 7

	Budget 2008	Actual 2008	Actual 2007
Wages and Benefits	\$ 485,500	\$ 445,052	\$ 448,296
Interest on Long Term Debt	14,941	14,941	6,907
Administrative Costs	53,362	47,722	49,235
Building & Facility Costs	166,164	164,918	158,043
Vehicle & Equipment Costs	78,872	61,498	62,489
Materials & Supplies	222,000	192,861	181,198
Other Municipal Costs	111,500	164,118	129,712
Fiscal Services	182,057	182,057	171,957
Cost Recovery	-	-	-
	<u>\$ 1,314,396</u>	<u>\$ 1,273,167</u>	<u>\$ 1,207,837</u>

Town of Amherst
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2008

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>2008</u>	<u>2007</u>
<u>Capital Reserve</u>		
Sewage Treatment Plant - Uniform Charge	\$ 169,362	\$ 78,455
Sewage Treatment Plant - Gas Tax	773,518	461,383
Sewer Purposes	11,594	197,000
Fire Training Centre	-	5,000
Uncompleted Funded Capital Projects fr Prior Years		
- Fire Truck (2006/07)	-	311,000
- Playground Equipment (2006/07)	-	25,000
- Paving Rogers Avenue	19,000	-
Unappropriated Reserve Fund Equity	<u>347,572</u>	<u>96,706</u>
 Total Capital Reserve Fund Balance	 <u>\$ 1,321,046</u>	 <u>\$ 1,174,544</u>
 <u>Operating Reserve</u>		
Police Purposes	\$ 41,015	\$ 88,773
Police Proceeds of Crime	1,627	1,627
Debenture Retirement	65,253	114,985
Unappropriated Reserve Fund Equity	<u>215,012</u>	<u>653,514</u>
 Total Operating Reserve Fund Balance	 <u>\$ 322,907</u>	 <u>\$ 858,899</u>
 Total Capital & Operating Reserve Fund Balances	 <u>\$ 1,643,953</u>	 <u>\$ 2,033,443</u>

10. TOWN OF AMHERST PENSION PLAN

The Town of Amherst maintains a contributory defined benefit pension plan. In the most recent actuarial valuation report dated July 1, 2007, the plan was in a deficiency.

Special payments of \$426,837 were required for 2007/08 to fund the current year's deficiency. The Unfunded Pension Obligation of \$386,475 has been recognized on the consolidated balance sheet as an amount to be recovered from future revenue.

11. 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.

12. PANS PENSION OBLIGATION

The Town of Amherst was ordered by the Superintendent of Pensions to fund a deficiency in the Police Association of Nova Scotia (PANS) defined benefit pension plan. As of March 31, 2008 the deficiency totaled \$1,013,770 which has been expensed in the financial statements and funded by a transfer from the Town's Operating Reserve. In addition to the March 31, 2008 deficiency, there is a subsequent increase of \$367,626. This amount has been reported on the consolidated balance sheet as an amount to be recovered from future revenue.

Town of Amherst
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2008

13. REMUNERATION PAID TO ELECTED OFFICIALS

<u>Name</u>	<u>Office</u>	<u>Remuneration</u>
Jerry Hallee	Mayor	\$ 17,521
Terry Rhindress	Deputy Mayor	\$ 14,741
Robert Angel	Councillor	\$ 13,636
George Baker	Councillor	\$ 13,636
Edward Chitty	Councillor	\$ 13,636
Dale Fawthrop	Councillor	\$ 13,636
David March	Councillor	\$ 13,636