

**TOWN OF AMHERST**  
**AMHERST, NOVA SCOTIA**

**CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2011**

**Town of Amherst  
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March 31, 2011**

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**INDEPENDENT AUDITOR'S REPORT**

**To The Mayor and Council  
Town of Amherst**

We have audited the accompanying consolidated financial statements of the Town of Amherst, which comprise the consolidated statement of financial position as at March 31, 2011 and the consolidated statements of financial activities and changes in financial position 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 generally accepted 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***

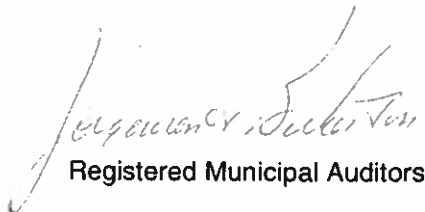
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Town of Amherst'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 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 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 consolidated financial position of the Town of Amherst as at March 31, 2011 and the consolidated results of its financial activities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards.

  
Registered Municipal Auditors

Amherst, Nova Scotia

*September 14, 2011*

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**Town of Amherst**  
**Consolidated Statement of Financial Position**  
As at March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 3,246,468	\$ 4,740,441
Taxes and rates receivable (Note 5)	3,408,483	1,456,724
	<u>6,654,951</u>	<u>6,197,165</u>
<b>Liabilities</b>		
Accounts payable	1,875,832	542,740
Pension liability (Note 14)	1,315,100	-
Long term debt (Note 11)	6,290,820	7,064,456
Other liabilities	117,296	117,069
	<u>9,599,048</u>	<u>7,724,265</u>
<b>Net debt</b>	<u>(2,944,097)</u>	<u>(1,527,100)</u>
<b>Non-financial assets</b>		
Prepaid expenses	46,352	31,542
Inventories of supplies	116,972	121,144
Tangible capital assets (net of accumulated amortization)	40,371,416	34,716,369
	<u>40,534,740</u>	<u>34,869,055</u>
<b>Accumulated surplus</b>	<u>\$ 37,590,643</u>	<u>\$ 33,341,955</u>

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**Town of Amherst**  
**Consolidated Statement of Operations**  
For the Year Ended March 31, 2011

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	<u>Actual 2011</u>	<u>Actual 2010</u>
<b>Revenues</b>		
Taxes	\$ 12,332,662	\$ 11,849,294
Grants in lieu of taxes	307,948	303,754
Service to other governments	213,410	213,410
Sale of services	3,528,185	3,435,206
Other revenue from own sources	457,021	483,918
Unconditional transfers from government	1,223,951	1,209,239
Conditional transfers from government	4,287,482	1,222,455
Other (Note 10)	151,469	16,137
Total revenue	<u>22,502,128</u>	<u>18,733,413</u>
<b>Expenditures</b>		
General government services	1,852,453	1,835,797
Protective services - Police	3,752,203	3,473,957
Protective services - Fire	1,693,100	1,480,684
Transportation services	2,810,356	2,466,623
Environmental health services	2,226,160	2,237,128
Public health services	197,101	211,553
Environmental development services	840,572	584,754
Recreation and cultural services	1,794,738	1,503,618
Education	1,352,904	1,382,160
Water utility	1,733,853	1,716,341
Total expenditures	<u>18,253,440</u>	<u>16,892,615</u>
<b>Annual surplus</b>	4,248,688	1,840,798
<b>Accumulated surplus at beginning of year</b>	33,341,955	50,375,260
<b>Tangible capital asset adjustment</b>	<u>-</u>	<u>(18,874,103)</u>
<b>Accumulated surplus at end of year</b>	<u>\$ 37,590,643</u>	<u>\$ 33,341,955</u>

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**Town of Amherst**  
**Consolidated Statement of Changes in Financial Position**  
For the year ended March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Operating transactions</b>		
Annual surplus	\$ 4,248,688	\$ 1,840,798
Change in non-cash items:		
Amortization / depreciation	1,469,002	1,473,492
Decrease (increase) in receivables	(1,951,759)	(205,676)
Increase (decrease) in payables	1,333,092	(110,533)
Increase (decrease) in pension liability	1,315,100	-
Increase (decrease) in other liabilities	227	-
Decrease (increase) in prepaid expenses	(14,810)	15,567
Decrease (increase) in inventory of supplies	4,172	11,368
	<u>6,403,712</u>	<u>3,025,016</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets (Note 8)	(7,200,837)	(1,723,692)
Proceeds from sale of tangible capital assets	324,800	-
(Gain)/loss on sale of tangible capital assets	(248,012)	126,938
	<u>(7,124,049)</u>	<u>(1,596,754)</u>
<b>Financing transactions</b>		
Proceeds from long term debt issues	-	932,845
Long term debt repayment	(773,636)	(760,697)
	<u>(773,636)</u>	<u>172,148</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,493,973)</b>	<b>1,600,410</b>
<b>Cash and cash equivalents beginning of year</b>	<b><u>4,740,441</u></b>	<b><u>3,140,031</u></b>
<b>Cash and cash equivalents end of year</b>	<b><u>\$ 3,246,468</u></b>	<b><u>\$ 4,740,441</u></b>

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**Town of Amherst**  
**Consolidated Statement of Changes in Net Debt**  
For the year ended March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Annual surplus</b>	<b>\$ 4,248,688</b>	<b>\$ 1,840,798</b>
Acquisition of tangible capital assets (Note 8)	(7,200,837)	(1,723,692)
Amortization of tangible capital assets	1,469,002	1,473,492
(Gain) / loss on sale of tangible capital assets	(248,012)	52,243
Proceeds on sale of tangible capital assets	324,800	-
Write downs of tangible capital assets	-	115,490
	<u>(5,655,047)</u>	<u>(82,467)</u>
Acquisition of prepaid expenses	(14,810)	-
Consumption of supply inventory	4,172	11,368
Use of prepaid expenses	-	15,567
	<u>(10,638)</u>	<u>26,935</u>
<b>Change in net financial assets (debt)</b>	<b>(1,416,997)</b>	<b>1,785,266</b>
<b>Net debt at beginning of year</b>	<b><u>(1,527,100)</u></b>	<b><u>(3,312,366)</u></b>
<b>Net debt at end of year</b>	<b><u>\$ (2,944,097)</u></b>	<b><u>\$ (1,527,100)</u></b>

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**Town of Amherst**  
**Schedule of Financial Position - General Operating Fund**  
As at March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 942,562	\$ (316,760)
Taxes and rates receivable	<u>1,092,622</u>	<u>985,481</u>
	<u>2,035,184</u>	<u>668,721</u>
<b>Liabilities</b>		
Accounts payable	1,803,487	453,279
Other liabilities	<u>117,296</u>	<u>117,069</u>
	<u>1,920,783</u>	<u>570,348</u>
<b>Net financial assets</b>	<u>114,401</u>	<u>98,373</u>
<b>Non-financial assets</b>		
Prepaid expenses	34,243	20,550
Inventories of supplies	<u>27,649</u>	<u>33,254</u>
	<u>61,892</u>	<u>53,804</u>
<b>Accumulated surplus</b>	<u>\$ 176,293</u>	<u>\$ 152,177</u>

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**Town of Amherst**  
**Schedule of Operations - General Operating Fund**  
For the Year Ended March 31, 2011

	Budget 2011	Actual 2011	Actual 2010
<b>Revenues</b>			
Taxes	\$ 12,325,460	\$ 12,332,662	\$ 11,849,294
Grants in lieu of taxes	297,129	307,948	303,754
Service to other governments	213,410	213,410	213,410
Sale of services	1,038,529	1,004,178	1,224,293
Other revenue from own sources	468,390	481,021	507,918
Unconditional transfers from government	1,224,017	1,223,951	1,209,239
Conditional transfers from government	324,100	314,981	306,918
<b>Total revenue</b>	<u>15,891,035</u>	<u>15,878,151</u>	<u>15,614,826</u>
<b>Expenditures</b>			
General government services	1,835,872	1,813,683	1,790,693
Protective services - Police	3,763,813	3,653,438	3,475,014
Protective services - Fire	1,452,332	1,379,958	1,411,476
Transportation services	2,272,227	2,302,579	2,231,522
Environmental health services	1,164,229	1,165,078	1,208,952
Public health services	106,857	197,101	211,553
Environmental development services	650,164	657,451	572,636
Recreation and cultural services	1,417,126	1,387,735	1,288,140
Education	1,352,902	1,352,904	1,382,160
<b>Total expenditures (Note 12)</b>	<u>14,015,522</u>	<u>13,909,927</u>	<u>13,572,146</u>
<b>Annual surplus</b>	1,875,513	1,968,224	2,042,680
<b>Financing and transfers</b>			
Debt principal repayment	(631,939)	(631,940)	(636,884)
Dividend from Water Utility	-	60,000	60,000
Transfers from Reserves	-	147,059	116,701
Transfers to Reserves	(553,844)	(749,967)	(1,098,616)
Transfers to General Capital	(689,730)	(689,730)	(396,554)
Transfers to Water Operating	-	(79,530)	(60,000)
<b>Total financing and transfers</b>	<u>(1,875,513)</u>	<u>(1,944,108)</u>	<u>(2,015,353)</u>
<b>Change in surplus</b>	<u>\$ -</u>	24,116	27,327
<b>Accumulated surplus at beginning of year</b>		<u>152,177</u>	<u>124,850</u>
<b>Accumulated surplus at end of year</b>		<u>\$ 176,293</u>	<u>\$ 152,177</u>

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**Town of Amherst**  
**Schedule of Financial Position - Water Operating Fund**  
As at March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Financial assets</b>		
Cash	\$ (808,931)	\$ (843,193)
Receivables	222,737	204,543
	<u>(586,194)</u>	<u>(638,650)</u>
<b>Liabilities</b>		
Accounts payable - trade	<u>28,715</u>	<u>32,643</u>
<b>Net debt</b>	<u>(614,909)</u>	<u>(671,293)</u>
<b>Non-financial assets</b>		
Inventories of supplies	<u>89,323</u>	<u>87,890</u>
<b>Accumulated deficit</b>	<u>\$ (525,586)</u>	<u>\$ (583,403)</u>

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**Town of Amherst**  
**Schedule of Operations - Water Operating Fund**  
For the Year Ended March 31, 2011

	Budget 2011	Actual 2011	Actual 2010
<b>Revenues</b>			
Metered	\$ 942,774	\$ 920,626	\$ 904,917
Flat	110,026	107,825	104,769
Public fire protection	478,838	473,177	445,272
Sprinkler service	15,000	15,210	15,000
Sale of services	14,000	10,153	6,527
Sundry	3,370	2,146	831
Other	9,000	5,893	4,791
<b>Total revenue</b>	<u>1,573,008</u>	<u>1,535,030</u>	<u>1,482,107</u>
<b>Expenditures</b>			
Source of supply	16,470	5,167	-
Power and pumping	113,806	123,505	155,970
Water treatment	11,109	7,182	3,034
Transmission and distribution	664,801	633,471	619,913
Administrative	417,781	434,999	431,647
Depreciation	195,918	197,503	183,320
<b>Total expenditures (Note 12)</b>	<u>1,419,885</u>	<u>1,401,827</u>	<u>1,393,884</u>
<b>Annual surplus</b>	153,123	133,203	88,223
<b>Financing and transfers</b>			
Debt principal repayment	(68,123)	(69,916)	(52,034)
Dividend to owner	(60,000)	(60,000)	(60,000)
Transfer to Water Capital	(25,000)	(25,000)	(25,000)
Transfer from General Operating	-	79,530	60,000
<b>Total financing and transfers</b>	<u>(153,123)</u>	<u>(75,386)</u>	<u>(137,034)</u>
<b>Change in surplus</b>	<u>\$ -</u>	57,817	11,189
<b>Accumulated deficit at beginning of year</b>		<u>(583,403)</u>	<u>(594,592)</u>
<b>Accumulated deficit at end of year</b>		<u>\$ (525,586)</u>	<u>\$ (583,403)</u>

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**Town of Amherst**  
**Schedule of Financial Position - General Capital Fund**  
As at March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Financial assets</b>		
Cash	\$ (3,903,302)	\$ (407,417)
Receivables	1,936,593	165,825
	<u>(1,966,709)</u>	<u>(241,592)</u>
<b>Liabilities</b>		
Long term debt	<u>5,539,354</u>	<u>6,171,295</u>
<b>Net debt</b>	<u>(7,506,063)</u>	<u>(6,412,887)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	47,448,629	40,892,174
Accumulated amortization (Note 6)	<u>(19,686,210)</u>	<u>(18,687,988)</u>
	<u>27,762,419</u>	<u>22,204,186</u>
<b>Accumulated surplus</b>	<u>\$ 20,256,356</u>	<u>\$ 15,791,299</u>

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**Town of Amherst**  
**Schedule of Operations - General Capital Fund**  
For the Year Ended March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Federal gas tax funds	\$ 716,522	\$ 746,522
Interest on federal gas tax funds	14,070	3,190
Insurance proceeds for motor vehicle	-	8,929
Fundraising for capital projects	20,979	-
Grants for capital projects - Province of Nova Scotia	1,286,084	-
Grants for capital projects - Government of Canada	1,955,825	165,825
Total revenue	<u>3,993,480</u>	<u>924,466</u>
<b>Expenditures</b>		
Amorization (Note 7)	1,259,530	1,290,172
(Gain) / loss on disposal of tangible capital assets (Note 7)	(259,483)	52,243
Loss on disposal of leased capital asset (Note 7)	-	74,685
Total expenditures	<u>1,000,047</u>	<u>1,417,100</u>
<b>Annual surplus (deficit)</b>	<b>2,993,433</b>	<b>(492,634)</b>
<b>Financing and transfers</b>		
Debt principal payments	631,940	636,884
Capital lease payments	-	7,681
Transfer from General Operating	689,730	396,554
Transfers from Reserves	1,225,346	283,278
Transfers to Reserves	(1,075,392)	(785,962)
Total financing and transfers	<u>1,471,624</u>	<u>538,435</u>
<b>Change in surplus</b>	<b>4,465,057</b>	<b>45,801</b>
<b>Accumulated surplus at beginning of year</b>	<b>15,791,299</b>	<b>36,995,243</b>
<b>Tangible capital asset adjustment</b>	<u>-</u>	<u>(21,249,745)</u>
<b>Accumulated surplus at end of year</b>	<u><b>\$ 20,256,356</b></u>	<u><b>\$ 15,791,299</b></u>

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**Town of Amherst**  
**Schedule of Financial Position - Water Capital Fund**  
As at March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Financial assets</b>		
Cash	\$ 521,851	\$ 515,235
Receivables - other	14,774	-
	<u>536,625</u>	<u>515,235</u>
<b>Liabilities</b>		
Long term debt - Municipal Finance Corporation	<u>679,687</u>	<u>749,603</u>
<b>Net debt</b>	<u>(143,062)</u>	<u>(234,368)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	16,207,505	15,942,947
Accumulated depreciation (Note 6)	<u>(5,606,108)</u>	<u>(5,438,364)</u>
	<u>10,601,397</u>	<u>10,504,583</u>
<b>Accumulated surplus</b>	<u>\$ 10,458,335</u>	<u>\$ 10,270,215</u>

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**Town of Amherst**  
**Schedule of Operations - Water Capital Fund**  
For the Year Ended March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Interest income	\$ 4,675	\$ 54
Contribution of Nappan watermain	100,000	-
Total revenue	<u>104,675</u>	<u>54</u>
<b>Expenditures</b>		
Loss on disposal of tangible capital asset	<u>11,471</u>	<u>-</u>
<b>Annual surplus</b>	<b>93,204</b>	<b>54</b>
<b>Financing and transfers</b>		
Debt principal payments	69,916	52,034
Transfer from Water Operating	25,000	25,000
Total financing and transfers	<u>94,916</u>	<u>77,034</u>
<b>Change in surplus</b>	<b>188,120</b>	<b>77,088</b>
<b>Accumulated surplus at beginning of year</b>	<b>10,270,215</b>	<b>7,817,485</b>
<b>Tangible capital asset adjustment</b>	<u>-</u>	<u>2,375,642</u>
<b>Accumulated surplus at end of year</b>	<u><b>\$ 10,458,335</b></u>	<u><b>\$ 10,270,215</b></u>

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**Town of Amherst**  
**Schedule of of Financial Position - Reserve Funds**  
As at March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Financial assets</b>		
Cash	<u>\$ 4,876,888</u>	<u>\$ 4,493,923</u>
<b>Accumulated surplus (Note 13)</b>	<u>\$ 4,876,888</u>	<u>\$ 4,493,923</u>

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**Town of Amherst**  
**Schedule of Operations - Reserve Funds**  
For the Year Ended March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Proceeds from disposal of equipment	\$       431	\$       6,279
Grant for Capital project	<u>25,384</u>	<u>875</u>
Total revenue	<u>25,815</u>	<u>7,154</u>
<b>Expenditures</b>		
General government	94,929	44,344
Recreation & cultural services	<u>875</u>	<u>-</u>
Total expenditures	<u>95,804</u>	<u>44,344</u>
<b>Annual deficit</b>	(69,989)	(37,190)
<b>Financing and transfers</b>		
Transfer from General Operating	749,967	1,098,616
Transfer from General Capital	1,075,392	785,962
Transfer to General Operating	(147,059)	(116,701)
Transfer to General Capital	<u>(1,225,346)</u>	<u>(283,278)</u>
Total financing and transfers	<u>452,954</u>	<u>1,484,599</u>
<b>Change in surplus</b>	382,965	1,447,409
<b>Accumulated surplus at beginning of year</b>	<u>4,493,923</u>	<u>3,046,514</u>
<b>Accumulated surplus at end of year</b>	<u>\$ 4,876,888</u>	<u>\$ 4,493,923</u>

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

 As at March 31, 2011
 

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	<u>2011</u>	<u>2010</u>
<b>Financial assets</b>		
Cash	\$ 1,617,400	\$ 1,298,653
Receivables	141,757	100,875
	<u>1,759,157</u>	<u>1,399,528</u>
<b>Liabilities</b>		
Payables and accruals	43,630	56,818
Long-term debt	71,779	143,558
	<u>115,409</u>	<u>200,376</u>
<b>Net financial assets</b>	<u>1,643,748</u>	<u>1,199,152</u>
<b>Non-financial assets</b>		
Prepaid expenses	12,109	10,992
Tangible capital assets	2,007,600	2,007,600
	<u>2,019,709</u>	<u>2,018,592</u>
<b>Accumulated surplus</b>	<u>\$ 3,663,457</u>	<u>\$ 3,217,744</u>

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**Town of Amherst**
**Schedule of Operations - Cumberland Joint Services Mgmt Authority Fund**

 For the Year Ended March 31, 2011
 

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Solid waste operations	\$ 842,245	\$ 736,362
Compost operations	75,254	83,891
Recycling operations	187,989	140,787
Interest	12,303	9,765
Other	10,976	-
Total revenue	<u>1,128,767</u>	<u>970,805</u>
<b>Expenditures</b>		
Administration	137,943	130,536
Solid waste operations	245,403	283,113
Compost operations	61,197	63,883
Recycling operations	238,511	244,774
Tangible capital assets acquired	-	16,515
Total expenditures	<u>683,054</u>	<u>738,821</u>
<b>Annual surplus</b>	445,713	231,984
<b>Accumulated surplus at beginning of year</b>	<u>3,217,744</u>	<u>2,985,760</u>
<b>Accumulated surplus at end of year</b>	<u>\$ 3,663,457</u>	<u>\$ 3,217,744</u>

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**Town of Amherst**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended March 31, 2011**

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**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. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Town of Amherst.

Significant aspects of the accounting policies adopted by the Town are as follows:

**a) Reporting Entity**

The 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 Funds
- Water Operating and Capital Funds
- Operating and Capital Reserves Funds
- 41.6% of Cumberland Joint Services Management Authority

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

**b) Basis of Accounting**

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation.

**Town of Amherst  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2011**

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**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 as determined by Property Valuation Services Corporation. 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.

Principal payments relating to long term debt are recognized as an expense when paid.

**d) Tangible Capital Assets**

Effective April 1, 2009, the Town adopted Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook. Tangible capital assets are recorded at cost. Amortization and depreciation has been recorded as an expense and is calculated on a straight-line basis over an asset's estimated useful life.

The Town records depreciation in the Water Utility Operating Fund which is calculated based on rates prescribed by the Nova Scotia Utility and Review Board. The annual depreciation amount is transferred to the Water Utility Capital Fund and is used to help fund fixed asset additions.

**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.

**Town of Amherst  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2011**

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**1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**g) Investment Income**

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

**h) Use of Estimates**

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

**i) Budget**

The budget figures contained in these Financial Statements were approved by Council on April 26, 2010 (General Operating & Capital) and June 29, 2010 (Water Operating & Capital).

**2. CONTRIBUTION TO BOARDS AND COMMISSIONS**

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 2010/11 was \$197,101 (2009/10 - \$211,553).

**Cumberland Regional Library**

During the year, the Town of Amherst paid \$58,876 (2009/10 - \$55,444) to the Cumberland Regional Library. The Town of Amherst does not share in any surplus or deficits.

**Town of Amherst  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2011**

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**2. CONTRIBUTION TO BOARDS AND COMMISSIONS (cont'd)**

**Cumberland Regional Economic Development Association**

During the year, the Town of Amherst paid \$49,500 (2009/10 - \$48,000) to the Cumberland Regional Economic Development Association. 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 formula calculation. For 2010/11 the education contribution was \$1,352,904 (2009/10 - \$1,382,160).

**Corrections Contribution**

Municipalities in Nova Scotia are required to make a mandatory contribution to fund the cost of correctional services. The contribution is set by Provincial formula. During 2010/11 the Town of Amherst paid \$121,777 (2009/10 - \$154,070) to the Province for corrections services.

**Assessment Services Contributions**

The Town of Amherst is required to contribute to Property Valuation Services Corporation based on a formula calculation. For 2010/11 the assessment services contribution was \$123,270 (2009/10 - \$123,059).

**4. TRUST FUNDS**

The Trust Funds being administered by the Town of Amherst are not consolidated with the accounts of the Town. At March 31, 2011, the equity in the Trust Funds under its trusteeship amounted to \$20,459 (2009/10 - \$20,388).

**Town of Amherst**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended March 31, 2011**

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**5. RECEIVABLES**

	<u>2011</u>	<u>2010</u>
Taxes and Rates:		
General Operating	\$ 315,826	\$ 438,308
Water Operating	222,737	204,543
Miscellaneous	166,759	140,396
Other	34,960	38,684
HST Rebate	589,851	368,093
Capital Grants - Provincial	1,107,882	-
Capital Grants - Federal	828,711	165,825
CJSMA - Tipping Fees	<u>141,757</u>	<u>100,875</u>
Totals	<u>\$ 3,408,483</u>	<u>\$ 1,456,724</u>

The above receivables have been recorded net of an allowance for doubtful accounts of \$435,625 (2010 - \$382,519). 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, 2011

6. TANGIBLE CAPITAL ASSETS

General Capital

Category	Useful Life in Years	Tangible Capital Asset Cost March 31, 2010	Additions	Disposals	Tangible Capital Asset Cost March 31, 2011	Accumulated Amortization March 31, 2010	Amortization Reduction from Disposal of Asset	Annual Amortization	Accumulated Amortization March 31, 2011	Net Book Value March 31, 2011
Land	-	\$ 850,430	\$ 114,714	\$ 32,005	\$ 933,139	\$ -	\$ -	\$ -	\$ -	\$ 933,139
Land Improvements	25	1,049,927	119,800	-	1,169,727	815,748	-	41,997	857,745	311,982
Municipal Buildings	40	7,902,897	368,048	-	8,270,945	2,294,305	-	179,716	2,474,021	5,796,924
Other Buildings	40	260,158	5,275	-	265,433	118,828	-	6,504	125,332	140,101
Wastewater Treatment Facility	50	1,377,326	-	-	1,377,326	131,837	-	36,071	167,907	1,209,419
Electronic Data Equipment	5	208,769	79,964	-	288,733	162,555	-	24,388	186,943	101,790
Machinery & Equipment	10	1,607,466	174,925	-	1,782,391	846,136	-	135,668	981,803	800,586
Vehicles	5	2,356,871	120,318	56,974	2,420,215	2,051,773	56,974	114,642	2,109,441	310,775
Streets	25	5,960,942	468,718	76,194	6,353,466	2,770,855	65,055	221,933	2,927,732	3,425,734
Sidewalks	25	2,256,651	169,624	18,876	2,407,399	1,233,264	18,876	81,888	1,296,276	1,111,123
Curbs	25	2,940,624	178,013	38,975	3,079,662	1,566,931	27,970	104,834	1,643,795	1,435,867
Traffic & Street Lights	30	713,273	1,158,764	65,520	1,806,517	410,726	65,520	17,686	362,892	1,443,625
Sanitary Sewer Mains	50	4,720,923	-	-	4,720,923	2,637,556	-	70,122	2,707,678	2,013,246
Sanitary Force mains	50	1,232,434	-	-	1,232,434	252,235	-	24,649	276,884	955,550
Sanitary Lift Stations	25	3,190,179	-	-	3,190,179	1,178,210	-	124,581	1,302,791	1,887,388
Storm Sewers	50	3,837,102	77,954	38,080	3,876,976	2,217,031	26,912	74,851	2,264,970	1,612,006
Assets Under Construction	-	426,202	3,846,962	-	4,273,164	-	-	-	-	4,273,164
<b>Grand Total</b>		<b>\$ 40,892,174</b>	<b>\$ 6,883,079</b>	<b>\$ 326,624</b>	<b>\$ 47,448,629</b>	<b>\$ 18,687,988</b>	<b>\$ 261,307</b>	<b>\$ 1,259,530</b>	<b>\$ 19,686,210</b>	<b>\$ 27,762,419</b>

Town of Amherst  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2011

6. TANGIBLE CAPITAL ASSETS (cont'd)

Water Capital

Category	Useful Life in Years	Tangible Capital Asset Cost March 31, 2010	Additions	Disposals	Tangible Capital Asset Cost March 31, 2011	Accumulated Depreciation March 31, 2010	Depreciation Addition from Contribution of Asset	Depreciation Reduction from Disposal of Asset	Annual Depreciation	Accumulated Depreciation March 31, 2011	Net Book Value March 31, 2011
Land	-	\$ 577,450	\$ -	\$ -	\$ 577,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 577,450
Land Improvements	-	-	-	-	-	-	-	-	-	-	-
Buildings, Reservoirs & Wells	40-75	1,727,313	-	-	1,727,313	682,283	-	-	23,388	705,670	1,021,643
Electronic Data Equipment	5	178,684	34,447	-	213,131	111,669	-	-	20,109	131,778	81,353
Machinery & Equipment	20	-	23,854	-	23,854	-	-	-	-	-	23,854
Vehicles	5	142,212	31,177	25,670	147,719	133,205	-	25,670	6,010	113,545	34,174
Water Mains - Town	75	7,188,988	103,716	27,530	7,265,174	2,895,998	-	16,059	72,234	2,952,173	4,313,003
Water Mains - County	75	5,291,549	100,000	-	5,391,549	1,287,114	11,970	-	56,128	1,355,212	4,036,337
Meters	20-25	391,611	24,563	-	416,174	224,691	-	-	14,887	239,578	176,596
Hydrants	75	445,140	-	-	445,140	103,404	-	-	4,748	108,152	336,988
<b>Grand Total</b>		<b>\$ 15,942,947</b>	<b>\$ 317,758</b>	<b>\$ 53,200</b>	<b>\$ 16,207,505</b>	<b>\$ 5,438,364</b>	<b>\$ 11,970</b>	<b>\$ 41,729</b>	<b>\$ 197,503</b>	<b>\$ 5,606,108</b>	<b>\$ 10,601,397</b>

**Town of Amherst**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended March 31, 2011**

**7. AMORTIZATION & LOSS ON DISPOSAL OF CAPITAL ASSETS**

<u>General Capital Fund - Page 10</u>	<u>Actual 2011</u>	<u>Actual 2010</u>
<b><u>Amortization</u></b>		
General Government	\$ 760	\$ 760
Protective Services - Police	42,524	48,978
Protective Services - Fire	103,682	106,237
Transportation Services	547,263	561,885
Environmental Health Services	330,274	331,034
Environmental Development Services	12,117	12,118
Recreation & Cultural Services	222,910	229,160
	<u>                    </u>	<u>                    </u>
Total Amortization	<u>\$ 1,259,530</u>	<u>\$ 1,290,172</u>
<b><u>(Gain)/ Loss on Disposal of Capital Assets</u></b>		
General Government	\$ (288,995)	\$ -
Protective Services - Police	(760)	3,467
Protective Services - Fire	(760)	-
Transportation Services	31,032	43,803
Environmental Health Services	-	4,973
	<u>                    </u>	<u>                    </u>
Total (Gain)/Loss on Disposal of Capital Assets	<u>\$ (259,483)</u>	<u>\$ 52,243</u>
Loss on Disposal of Leased Capital Asset	<u>\$ -</u>	<u>\$ 74,685</u>
<b>Total Amortization &amp; (Gain)/Loss on Disposal</b>	<u><u>\$ 1,000,047</u></u>	<u><u>\$ 1,417,100</u></u>

**Town of Amherst**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended March 31, 2011**

**8. CAPITAL EXPENDITURES**

General Capital Fund

	<u>Budget 2011</u>	<u>Actual 2011</u>
Downtown Action Plan	565,048	550,318
Skateboard Park	369,100	265,959
Dickey Park Redevelopment	134,000	134,805
Planning - Building Inspection/Unsightly Car	20,000	16,378
TPW - Hot Asphalt Patcher	35,000	32,089
Streets - Paving	723,602	730,351
Sidewalks	188,143	174,499
Walking Trail - North Town Collector	43,905	42,878
Storm Sewer	65,104	66,379
Aboiteau Relocation	658,274	-
Wastewater Treatment Facility Construction (carry over)	11,292,597	2,676,487
Wastewater Treatment Facility Construction Administration (carry over)	303,000	254,605
Wind Turbine	317,500	99,593
Asset Management Software (TCA)	20,000	-
CED - Replace 2002 Koboto Zero Turn Mower	14,000	13,306
CED - Replace 1997 Chev 1/2 Ton Truck	18,000	18,769
Stadium - New Digital Signage System Stadium	32,000	34,432
TOA LED light replacement	1,400,000	1,158,764
YMCA Capital Contribution	50,000	-
Fire Dept - Thermal Imaging Camera	15,000	12,300
Fire Dept - Natural Gas Conversion	74,500	74,564
Fire Dept - Chassis Replacement - Rescue Unit	93,100	85,171
Police - Generator	31,550	-
Police - Radio Repeater	10,000	10,277
Police - Portable Radio's and Mic's	14,800	7,926
Police - Defibrillator's	20,000	15,029
Police - Cameras for cell block	27,600	-
Properties - 100 Victoria Street	-	52,602
Properties - 98 Victoria Street	-	315,675
Properties - 217 East Victoria Street	-	39,923
	<u>\$ 16,535,823</u>	<u>\$ 6,883,079</u>

**Town of Amherst  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2011**

**8. CAPITAL EXPENDITURES (cont'd)**

Water Capital Fund

	<u>Budget 2011</u>	<u>Actual 2011</u>
Meter Replacement	\$ 20,000	\$ 24,563
Land Purchase Wellfield	22,000	-
Hydraulic V-Plow for Backhoe (Wellfield)	8,000	7,587
Replace Atlas Copco compressor	22,000	16,268
Water Main Replacement ~ Townshend Ave (Charles to Donald)	136,434	103,716
Replace 2006 1 Ton - Mobile 4	35,000	31,177
Scada Software Upgrade (carryover)	-	34,447
Nappan Water Main	-	100,000
	<u>                    </u>	<u>                    </u>
<b>Total Water Capital</b>	<b>\$ 243,434</b>	<b>\$ 317,758</b>
	<u>                    </u>	<u>                    </u>
<b>Total General &amp; Water Capital Expenditures</b>	<b>\$ 16,779,257</b>	<b>\$ 7,200,837</b>
	<u>                    </u>	<u>                    </u>

**9. CAPITAL EXPENDITURES – SOURCES OF FINANCING**

General Capital Fund

	<u>Actual 2011</u>
Capital out of Revenue	\$ 689,730
Reserve Funds	1,079,698
Gas Tax Funds	145,648
Fundraising	20,979
Grants - Province of Nova Scotia	1,286,084
Grants - Government of Canada	1,955,823
Long Term Debt	1,065,050
Bridge Financing	660,067
Capital Reserve - Carryover to 2011/12	(20,000)
	<u>                    </u>
<b>Total General Capital Sources of Financing</b>	<b>\$ 6,883,079</b>

Water Capital Fund

	<u>Actual 2011</u>
Capital out of Revenue	\$ 25,000
Depreciation Funds	192,758
Contributed	100,000
	<u>                    </u>
<b>Total Water Capital Sources of Financing</b>	<b>\$ 317,758</b>
	<u>                    </u>
<b>Total Capital Sources of Financing</b>	<b>\$ 7,200,837</b>
	<u>                    </u>

**Town of Amherst**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended March 31, 2011**

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**10. OTHER REVENUE**

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

	<b>Actual 2011</b>	<b>Actual 2010</b>
Interest Income	\$ 4,675	\$ 54
Contribution of Nappan watermain	100,000	-
Proceeds from disposal of equipment	431	6,279
Donations	20,979	875
Other	<u>25,384</u>	<u>8,929</u>
<b>Total</b>	<b><u>\$ 151,469</u></b>	<b><u>\$ 16,137</u></b>

**11. LONG TERM DEBT**

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

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
General Government	\$ -	\$ -	\$ -	\$ -	\$ -
Protective Services	33,454	9,561	9,561	9,561	9,561
Transportation Services	247,345	232,645	197,045	197,045	179,544
Environmental Health Services	138,454	97,454	97,454	97,453	97,453
Recreation & Culture	151,219	139,979	139,979	139,978	139,978
Water Utility	64,616	64,616	54,416	54,416	54,416
Cumb. Joint Serv Mgmt Auth.	66,027	-	-	-	-
<b>Totals</b>	<b><u>\$ 701,115</u></b>	<b><u>\$ 544,255</u></b>	<b><u>\$ 498,455</u></b>	<b><u>\$ 498,453</u></b>	<b><u>\$ 480,952</u></b>

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, 2011**

**12. EXPENDITURES BY OBJECT**

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

General Operating Fund – Page 6

	Budget 2011	Actual 2011	Actual 2010
Wages and Benefits	\$ 7,001,327	\$ 7,062,040	\$ 6,743,639
Interest on Long Term Debt	293,846	293,848	290,602
Administrative Costs	866,393	786,434	759,369
Building & Facility Costs	644,064	666,504	672,305
Vehicle & Equipment Costs	609,958	566,127	648,650
Materials & Supplies	489,900	492,843	500,512
Grants to Organizations	41,800	26,600	39,099
Other Municipal Costs	1,463,986	1,346,774	1,266,248
Fiscal Services	2,030,854	2,143,606	2,156,278
Fire Protection Charge	485,744	441,026	434,472
Tax Exemption Individuals	100,000	103,902	95,735
Cost Recovery	(12,350)	(19,777)	(34,763)
	<u>\$ 14,015,522</u>	<u>\$ 13,909,927</u>	<u>\$ 13,572,146</u>

Water Operating Fund – Page 8

	Budget 2011	Actual 2011	Actual 2010
Wages and Benefits	\$ 495,684	\$ 492,626	\$ 407,749
Interest on Long Term Debt	45,348	32,489	25,216
Administrative Costs	71,953	51,438	67,608
Building & Facility Costs	163,640	170,094	164,250
Vehicle & Equipment Costs	75,479	85,626	78,856
Materials & Supplies	212,753	197,484	289,252
Other Municipal Costs	140,910	156,218	159,424
Fiscal Services	18,200	18,349	18,209
Depreciation	195,918	197,503	183,320
	<u>\$ 1,419,885</u>	<u>\$ 1,401,827</u>	<u>\$ 1,393,884</u>

**Town of Amherst**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended March 31, 2011**

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**13. RESERVE FUND BALANCES**

The following is a breakdown of the Reserve Funds accumulated surplus as reported in the Schedule of Financial Position – Reserve Funds on Page 13:

	<u>2011</u>	<u>2010</u>
<b><u>Capital Reserve</u></b>		
Wastewater Treatment Facility - Uniform Charge	\$ 128,126	\$ 307,311
Gas Tax Funds	2,516,219	1,931,275
Sewer Purposes	11,594	11,594
Reserve Fire Department	92,181	109,652
Uncompleted Funded Capital Projects fr Prior Years		
- Environ. Risk Assess Sewage Treatment Plant	-	59,000
- Aboiteau Relocation (grant monies)	428,274	428,274
- East Pleasant St ~ Paving	-	5,000
- Robert Angus Drive Sidewalk Extension	-	1,250
- SAP Asset Accounting Software	20,000	-
Skateboard Park Donations	-	875
Land Dedications	29,730	29,730
Unappropriated Reserve Fund Equity	<u>106,851</u>	<u>171,938</u>
 Total Capital Reserve Funds	 <u>\$ 3,332,975</u>	 <u>\$ 3,055,899</u>
 <b><u>Operating Reserve</u></b>		
Police Purposes	\$ 322,255	\$ 229,264
Police Proceeds of Crime	1,627	1,627
Unappropriated Reserve Fund Equity	<u>1,220,031</u>	<u>1,207,133</u>
 Total Operating Reserve Funds	 <u>\$ 1,543,913</u>	 <u>\$ 1,438,024</u>
 <b>Total Capital &amp; Operating Reserve Funds</b>	 <b><u><u>\$ 4,876,888</u></u></b>	 <b><u><u>\$ 4,493,923</u></u></b>



**Town of Amherst  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2011**

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#### **14. PENSION PLANS**

##### **Pension Plan for the Employees of the Town of Amherst**

The Town maintains a contributory defined benefit pension plan, which provides benefits to employees upon retirement. The most recent actuarial valuation was at March 31, 2011. On a going concern basis, the value of the accrued pension benefits, at March 31, 2011, exceeded the value of the plan assets by \$1,045,300. Special payments of \$193,383 were required for 2010/11 to fund the current year's deficiency. An Actuarial Valuation for accounting purposes was performed as of March 31, 2011 and the calculated pension liability at March 31, 2011 was \$1,315,100. This amount is recorded in the Consolidated Financial Statements as an expense and a liability.

Effective January 1, 2008 all new full time employees are required to join a contributory defined contribution pension plan. Under this plan the employer is not responsible for any deficiency in the plan.

##### **Pension Plan for the Town of Amherst Members of the Police Association of Nova Scotia Pension Plan**

The Police Association of Nova Scotia (PANS) maintains a contributory defined benefit pension plan.

Special payments of \$201,900 were required to fund the current year's deficiency based on the actuarial valuation report dated September 30, 2009.

#### **15. 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 (CJSMA) which operates a landfill site in Little Forks. The Town of Amherst's pro rata share of 41.6% of Cumberland Joint Services Management Authority is included in these financial statements. The 2010 comparative figures for CJSMA have been changed to 41.6% (from 38.8%) for more accurate comparison of figures.

**Town of Amherst**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended March 31, 2011**

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**16. SUBSEQUENT EVENTS**

On May 30<sup>th</sup>, 2011 the Town of Amherst issued a debenture in the amount of \$1,065,050, all relating to capital projects completed up to March 31, 2011. This debt was appropriately supported by an approved temporary borrowing resolution.

**17. REMUNERATION PAID TO ELECTED OFFICIALS AND THE CAO**

<u>Name</u>	<u>Office</u>	<u>Remuneration</u>
Robert Small	Mayor	\$ 18,390
George Baker	Deputy Mayor / Councillor	\$ 14,796
Robert Angel	Councillor	\$ 14,313
Robert Bird	Councillor	\$ 14,313
Dale Fawthrop	Councillor	\$ 14,313
David March	Councillor	\$ 14,313
Terry Rhindress	Councillor / Deputy Mayor	\$ 14,989
Gregory Herrett	Chief Administrative Officer	\$ 103,726

**18. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.