



Audit Committee

Friday, July 4, 2014

9:00 a.m.

Council Chambers, Town Hall

359 Main Street

Agenda

1. Call to Order
2. Approval of the Agenda
3. Approval of Minutes of May 30, 2014 (attached)
4. 2013/14 Draft Financial Statements
 - a. Request for Decision #044-2014 ~ 2013/14 Financial Statements, review by Director of Financial Services
 - b. Report to the Audit Committee (hand out at meeting), review by Duane Saulnier, Partner, Grant Thornton
5. Adjournment to an In Camera Session (auditor and committee members)
6. Regular Session Reconvened
7. RFD #044-2014 ~ Approval of 2014/15 Consolidated Financial Statements and Non-Consolidated Financial Statements
8. Information Report – Accounts Receivable Update (attached)



9. Date of next meeting – September 5 (to review 1st Quarter Variance Report)

10. Adjournment

REQUEST FOR DECISION #044-2014
Audit Committee/Council
March 31, 2014 Financial Statements

Date: June 26, 2014
Department: Finance



1) COMMENT / RECOMMENDATION – CAO

Not used at the Audit Committee stage.

2) RECOMMENDATION

That the Audit Committee, after review of the March 31, 2014 Consolidated and Non-Consolidated Financial Statements, recommend their approval to Council.

3) REFERENCES

CICA accounting standards per Public Sector Accounting Handbook, and where appropriate CICA Handbook

Province of Nova Scotia Financial Reporting and Accounting Manual (FRAM)

Information Report to Council – Financial Update ~ December 31st Results

4) PURPOSE OF REPORT

This report outlines the process leading up to the presentation of the March 31, 2014 year-end financial statements and the recommendation for approval. It also provides a general summary of key financial figures and variances reported in the year end statements. This report is intended to assist the Audit Committee, and ultimately Town Council, in the approval process of the audited year end consolidated financial statements as well as the non-consolidated financial statements.

5) DISCUSSION

The firm of Grant Thornton was engaged to carry out the audit of the March 31, 2014 Consolidated Financial Statements. Their field work was substantially complete by the first week of June, after which the draft financial statements were completed and submitted to the Grant Thornton offices on June 16. It is important to note that the financial statements are the responsibility of Town management, and that Grant Thornton's responsibility is to audit and express an opinion on those statements.

It should be noted that this process is approximately 2 weeks sooner than last year's audit. This is consistent with the Finance Department goal set three years ago to have budgets approved by March of each year; and correspondingly have the year-end statements prepared by early to mid-June. The

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budget goal was achieved two years ago, and the Department is on track to achieve the year end statement timeline by June 2015. Ultimately this will help the Town meet one of Council's Guiding Principles identified in the 2014-2017 Council Strategic Plan, i.e. accountability to the citizens and businesses of Wolfville.

The Audit Committee will review the *Draft Consolidated Financial Statements* and the *Auditors Report to the Audit Committee*. This meeting allows the audit firm, and Town staff, to review significant financial figures and to respond to any questions coming from the Committee.

The auditor's report relates to the consolidated financial statements, which includes the Town General Operating Fund (for which the tax rates are established), Town Capital Fund, Town Operating Reserve Fund, Town Capital Reserve Fund, Town Water Utility Operating Fund, and Town Water Utility Capital Fund. Refer to Note 1 to the Consolidated Financial Statements for further information on accounting policies used in the preparation of the statements.

Non-Consolidated Financial Results

The non-consolidated statements form the basis of the information used to prepare the Consolidated Financial Statements which the Audit Report is attached. Non-consolidated statements provide additional information for both Council and the public. As individual funds they tie directly to the tax rate setting process and annual approved budgets.

Actual results for the two operating funds were:

- Town operating fund, surplus (page 1) \$236,044
- Water Utility operating fund, surplus (page 13) \$154,198

Both actual results are close to year end forecasts presented to Council in February.

- At that time, the forecast surplus for the Town Operating Fund was \$314,700. Based on that expectation, council approved an additional transfer to capital reserves of \$150,000 which yields an adjusted year end forecast of \$164,700. Compared to this forecast, the actual surplus was higher due solely to lower than forecast expenditures.
- The Water Utility forecast was a surplus of \$118,850, with actual results ending up \$35,000 better than that. Final revenues were modestly higher than forecast, and the amount of operating funds required to be transferred to Water Capital was less than forecast, and budget.

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Consolidated March 31, 2014 Financial Statements - Audited

The following are comments which should assist in Committee members reviewing the Consolidated Statements:

Page 3 Statement of Operations

- Total revenues \$45,800 more than budget, a variance of 0.5%
 - Tax revenue ended the year less than budget with the majority of this variance related to residential taxes and fire protection area rate levy. The budget estimate did not allow for tax reductions due to assessment appeals.
 - Grants in lieu of taxes was modestly higher than budget.
 - Sale of services revenue was \$16,500 less than budget, with higher than expected job cost billings in Transportation (Public Works) offsetting lower than planned sewer revenues and program fees in recreation.
 - Other revenue from own sources finished the year \$42,000 over budget, with a \$13,200 gain on disposal of capital assets contributing unbudgeted funds. Building and development permit revenue was \$13,000 higher than budget, and the Town's pension plan returned \$16,000 in employer pension contributions for former employees who did not stay with the Town for two years.
 - Unconditional transfers were \$10,000 more than budget as the Town's share of the provincial equalization grant increased from the previous year.
 - Conditional transfers were \$32,700 less than budget. Gas tax was higher than budget as the amount deferred a year ago came back into revenues. This was offset by lower than planned other capital grants, although this was resulted from the Rail Trail project being deferred to fiscal 2014/15.
 - Other revenue \$73,400 more than budget. This relates mainly to unbudgeted revenues from:

▪ Open Space contributions from developers	\$21,800
▪ BMO contribution to development of Clock Park	22,700
▪ Interest earned on reserve bank balances	14,300

- Total expenditures were \$451,100 more than budget (segment details reported on pages 9 thru 13)
 - Amortization expense of \$919,200 is reflected in the actual expenses of the Town segments (excluding Water Utility portion), the amount of which is not budgeted by the Town. Removing the amortization variance, leaves expenditures \$468,100 less than budget.

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It should be noted that, although the Town does not budget an amount for amortization, on a non-consolidated basis the Town did budget \$983,000 to be transferred to capital reserves.

- General government segment ended the year \$99,000 under budget (excluding amortization expense). The Legislative section (council) contributed \$13,100 to these savings incurring less on conference expenses. Similarly, professional development for all staff (included in general government segment) was underutilized resulting in savings of \$41,000. Further savings were realized in tax exemptions, IT costs, and grants to organizations.
- Protective Services (excluding amortization) was \$114,600 under budget. Fire Services show the largest savings, \$67,500 with vehicle maintenance as the largest single expense (\$20,000). The RCMP contract was \$33,000 less than budget, with provincial prosecution costs ending the year \$7,300 less than budget.
- Transportation services (excluding amortization) were within \$4,600 of budget.
- Environmental Health (sewer system) ended the year \$47,000 under budget. Planned work on lift stations was not needed in certain cases and deferred to 2014/15 in others.

The Town's share of Valley Waste services was \$10,000 less than budget resulting from the Town's share of Valley Waste's 2012/13 surplus paid to partners in the summer of 2013.

- Environmental Development Services had savings of \$64,400. The Planning Dept. contributed \$30,000 towards these savings due to lower than budget wages/benefits and contracted services for the Downtown Development Plan (deferred to 2014/15). With the delay in implementation of the REN's, \$36,000 of budgeted funding was not required in 2013/14.
- Recreation and Cultural service was \$43,700 under budget. Lower than budgeted administration costs (\$13,000 savings) and grants to organizations (\$20,000 under budget) comprise the main part of this budget variance.
- Under the Water related segments, no funds were spent in the area of Source of Supply. Power and Pumping was \$28,000 over budget, all related to utility costs. Treatment costs were \$43,000 less than budget. Similar to a year ago, actual wages coded to treatment were lower than budget. In addition, fewer purchases were required for equipment and supplies. Transmission costs were higher than budget, seeing more wages and materials required for water main breaks. Administrative costs

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ended the year under budget, again similar to last year mainly related to wages/benefits.

Page 4 Statement of Financial Position

- Cash balances increased as a result of operational surpluses and fewer dollars required for capital projects (refer to page 6 for details)
- Receivables were lower than a year ago, mainly due to less capital grant receivables at March 31, 2014 (refer to Note 3). Tax receivables were \$42,300 higher, however \$30,600 of this increase related to an NSF cheque received in March which was subsequently replaced in April 2014.
- Temporary bank indebtedness was \$688,800 at year end, with this related to projects completed and/or underway in the Town Capital program. Subsequent to year end, \$851,000 of temporary debt (\$688,800 plus supplier invoices paid subsequent to year end) was replaced with long term debenture debt (Note 4).
- Deferred revenue increased by \$13,000. This balance is largely related to 2014/15 taxes collected in advance from taxpayers making monthly remittances to the Town. This activity has increased significantly over the last 4 years by \$109,500.
- The Town's Net Asset position increased from \$231,000 to over \$1,100,000. Refer to page 5 for more details. This is a healthy financial position; however it is also an indication that the Town did not complete all capital projects planned for the year.

Further details and information can be found in the Schedules to Statement of Operations (page 7 to 13) and the Notes to the financial statements.

The Supplementary Schedules starting at page 23 are included to ensure the approved statements meet the filing requirements of the UARB re: Town's Water Utility.

6) POLICY CONSIDERATIONS

Annual, audited financial statements assist Council in demonstrating accountability to the community. This level of accountability can be enhanced in the future by ensuring the statements are completed on a timely basis, i.e. as close to year end as is practically possible.

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7) BUDGET CONSIDERATIONS

None required given surplus results. In cases where a deficit is incurred, municipalities are required to incorporate that figure in the next year's fiscal budget.

8) SUMMARY

Approval of the year end consolidated statements is a required step in the financial reporting of the Town of Wolfville. Once the Audit Committee has recommended their approval, and Council has formally approved them, the firm of Grant Thornton will issue the Independent Auditors' Report and final Internal Control Letter. This will allow the Town to complete its annual financial reporting to the Province.

In addition, over the next two to three months the Finance Department will be taking steps to update the Town's website with copies of annual financial statements.

Consolidated Financial Statements
Town of Wolfville
March 31, 2014



A cultivated experience for the mind, body, and soil

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Town of Wolfville

Consolidated Statement of Operations

Year Ended March 31

2014

2013

	<u>Page</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue				
Taxes	7	\$ 6,111,800	\$ 6,090,158	\$ 5,971,331
Grants in lieu of taxes	7	904,100	913,200	829,359
Sales of services	7	747,300	730,808	750,919
Other revenue from own sources	8	141,600	183,673	228,946
Unconditional transfers from other governments	8	62,600	72,246	62,619
Conditional transfers from other governments	8	477,300	444,556	356,978
Metered sales		678,000	660,214	677,050
Sprinkler services		7,300	7,560	7,240
Other		<u>6,700</u>	<u>80,102</u>	<u>163,640</u>
		<u>9,136,700</u>	<u>9,182,517</u>	<u>9,048,082</u>
Expenditures				
General government services	9	1,201,100	1,135,302	1,150,014
Protective services	10	1,781,300	1,841,074	1,794,020
Transportation services	11	1,224,600	1,697,173	1,640,177
Environmental health services	11	726,800	812,702	797,165
Environmental development services	12	698,000	719,780	691,721
Recreational and cultural services	12	679,700	648,050	635,524
Other				3,016
Water				
Source of supply		13,200		3,851
Power and pumping		100,600	128,780	139,244
Treatment		92,100	48,463	42,890
Transmission and distribution		172,100	203,033	175,459
Administrative	13	296,100	201,348	232,441
Interest and other debt charges		24,900	23,613	26,515
Amortization		<u>126,000</u>	<u>128,315</u>	<u>126,553</u>
		<u>7,136,500</u>	<u>7,587,633</u>	<u>7,458,590</u>
Net surplus		<u>\$ 2,000,200</u>	1,594,884	1,589,492
Accumulated surplus, beginning of year			<u>20,375,701</u>	<u>18,786,209</u>
Accumulated surplus, end of year			<u>\$ 21,970,585</u>	<u>\$ 20,375,701</u>

See accompanying notes to the consolidated financial statements.

Town of Wolfville

Consolidated Statement of Financial Position

March 31 2014 2013

Financial Assets

Cash	\$ 2,629,121	\$ 2,117,604
Cash – capital reserve fund	2,159,382	1,372,401
Receivables (Note 3)	643,863	795,122
Deferred pension asset	<u>30,400</u>	<u>32,900</u>
	<u>5,462,766</u>	<u>4,318,027</u>

Liabilities

Temporary bank indebtedness	688,841	630,573
Payables and accruals	833,387	675,136
Deferred revenue	185,591	172,612
Deferred revenue - federal gas tax funds	159	30,718
Other	18,841	19,217
Long term debt (Note 4)	<u>2,633,600</u>	<u>2,558,700</u>
	<u>4,360,419</u>	<u>4,086,956</u>

Net Assets (Debt) 1,102,347 231,071

Non-Financial Assets

Tangible capital assets (Note 5)	20,524,138	19,969,107
Prepaid	49,296	34,377
Inventories	30,171	35,385
Work in progress	<u>264,633</u>	<u>105,761</u>
	<u>20,868,238</u>	<u>20,144,630</u>

Accumulated surplus \$ 21,970,585 \$ 20,375,701

Commitments (Note 8)

On behalf of the Town

Mayor

Treasurer

See accompanying notes to the consolidated financial statements.

Town of Wolfville
Consolidated Statement of Change in Net Debt

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ <u>2,000,200</u>	\$ <u>1,594,884</u>	\$ 1,589,492
Changes in tangible capital assets			
Acquisition of tangible capital assets	3,442,600	(1,633,818)	(2,305,713)
Gain on disposal		(13,244)	(56,113)
Proceeds on disposal		47,500	68,900
Amortization	<u>126,000</u>	<u>1,044,530</u>	<u>1,024,319</u>
Increase in net book value of tangible capital assets	<u>3,568,600</u>	<u>(555,032)</u>	<u>(1,268,607)</u>
Changes in other non-financial assets			
Prepays		(14,918)	11,885
Inventory		5,214	(871)
Work in progress		<u>(158,872)</u>	<u>(39,987)</u>
Increase (decrease) in non-financial assets		<u>(168,576)</u>	<u>(28,973)</u>
Increase in net assets	\$ <u>(1,568,400)</u>	871,276	291,912
Opening, net debt		<u>231,071</u>	<u>(60,841)</u>
Closing, net assets		\$ <u>1,102,347</u>	\$ <u>231,071</u>

See accompanying notes to the consolidated financial statements.

Town of Wolfville

Consolidated Statement of Cash Flow

Year Ended March 31

2014

2013

Operations

Annual surplus \$ 1,594,884 \$ 1,589,492

Changes in non-cash working capital

Decrease in receivables \$ 151,259 \$ 354,721
 Decrease in deferred pension asset 2,500 5,000
 Increase in payables 158,251 55,033
 Increase (decrease) in other liabilities (17,956) 57,895
 Increase (decrease) in non-financial assets (168,577) (28,973)

Cash from operating activities 1,720,361 2,033,168

Capital transactions

Increase in net book value of tangible capital assets (555,031) (1,268,607)

Financing

Increase in bank loan 58,268 396,978
 Proceeds from debt issue 551,000 130,000
 Long term debt principal repayment (476,100) (508,400)

Cash from financing activities 133,168 18,578

Change in net cash 1,298,498 783,139

Opening, net cash 3,490,005 2,706,866

Closing, net cash \$ 4,788,503 \$ 3,490,005

See accompanying notes to the consolidated financial statements.

Town of Wolfville

Schedules to Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 4,968,700	\$ 4,955,954	\$ 4,753,136
Commercial			
Commercial property	1,053,800	1,059,711	1,070,751
BID Area Rate	110,000	110,904	111,869
Resource	12,900	12,182	8,082
Fire protection area rate	<u>391,000</u>	<u>375,407</u>	<u>369,285</u>
	<u>6,536,400</u>	<u>6,514,158</u>	6,313,123
Business property			
Business occupancy			38,493
Based on revenue (Aliant)	19,800	17,140	19,344
Nova Scotia Power Inc. (GILT)	4,200	3,623	3,910
NSPI (HST rebate)	<u>31,000</u>	<u>41,963</u>	<u>30,108</u>
	<u>55,000</u>	<u>62,726</u>	<u>91,855</u>
Deed transfer tax	<u>300,000</u>	<u>281,897</u>	<u>314,999</u>
Total tax levied	<u>6,891,400</u>	<u>6,858,781</u>	<u>6,719,977</u>
Taxes collected on behalf of others			
Regional school board	(639,600)	(623,160)	(612,468)
Provincial correctional service	(82,000)	(80,349)	(80,988)
Regional housing authority	(34,000)	(41,148)	(31,224)
Regional library board	<u>(24,000)</u>	<u>(23,966)</u>	<u>(23,966)</u>
	<u>(779,600)</u>	<u>(768,623)</u>	<u>(748,646)</u>
	<u>\$ 6,111,800</u>	<u>\$ 6,090,158</u>	<u>\$ 5,971,331</u>
Grants in lieu of taxes			
Federal government agencies	\$ 20,900	\$ 21,066	\$ 20,914
Provincial government			
Property of supported institution	<u>883,200</u>	<u>892,134</u>	<u>808,445</u>
	<u>\$ 904,100</u>	<u>\$ 913,200</u>	<u>\$ 829,359</u>
Sales of services			
General government	\$ 5,600	\$ 5,718	\$ 1,275
Protective services	301,600	306,789	291,014
Transportation	10,000	32,322	24,708
Environmental health	323,500	304,481	320,784
Environmental development	26,200	22,771	24,893
Recreation, tourism and cultural	<u>80,400</u>	<u>58,727</u>	<u>88,245</u>
	<u>\$ 747,300</u>	<u>\$ 730,808</u>	<u>\$ 750,919</u>

See accompanying notes to the consolidated financial statements.

Town of Wolfville

Schedules to Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other revenue from own sources			
Licenses and permits	\$ 22,100	\$ 35,004	\$ 25,909
Fines and fees	37,100	18,237	40,469
Rentals	21,400	19,127	19,167
Interest on investments	11,000	20,963	21,127
Interest on taxes and charges	45,000	53,803	55,491
Gain (loss) on disposal capital assets		13,244	56,113
Miscellaneous	<u>5,000</u>	<u>23,295</u>	<u>10,670</u>
	<u>\$ 141,600</u>	<u>\$ 183,673</u>	<u>\$ 228,946</u>
Unconditional transfers from other governments			
Provincial government			
Municipal Grant Act - equalization	\$ 61,500	\$ 71,137	\$ 61,524
Farm property acreage	<u>1,100</u>	<u>1,109</u>	<u>1,095</u>
	<u>\$ 62,600</u>	<u>\$ 72,246</u>	<u>\$ 62,619</u>
Conditional transfers from other governments and organizations			
Federal government			
Federal gas tax program	\$ 325,300	\$ 357,142	\$ 299,744
Other federal	2,000		9,786
Provincial government			
Capital project grants	15,000	51,205	7,795
Other provincial	25,000	29,000	30,197
Other capital grants	<u>110,000</u>	<u>7,210</u>	<u>9,456</u>
	<u>\$ 477,300</u>	<u>\$ 444,557</u>	<u>\$ 356,978</u>

See accompanying notes to the consolidated financial statements.

Town of Wolfville

Schedules to Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor remuneration	\$ 29,800	\$ 29,784	\$ 29,388
Council remuneration	90,200	90,199	89,831
Other expenses	<u>37,100</u>	<u>23,962</u>	<u>35,579</u>
	<u>157,100</u>	<u>143,945</u>	<u>154,798</u>
General administrative			
Administration	832,800	776,087	750,596
Audit	23,000	18,708	26,476
Taxation			
Reduced taxes	74,000	66,609	52,436
Transfer provincial assessments	<u>77,000</u>	<u>75,802</u>	<u>76,345</u>
	<u>1,006,800</u>	<u>937,206</u>	<u>905,853</u>
Debt charges			
Interest on long term debt	2,200	1,891	2,927
Other debt charges	<u>10,000</u>	<u>4,984</u>	<u>1,273</u>
	<u>12,200</u>	<u>6,875</u>	<u>4,200</u>
Valuation allowances			
Doubtful taxes (recovered)	5,000	2,506	(9,269)
Doubtful receivables other	<u> </u>	<u>1,480</u>	<u> </u>
	<u>5,000</u>	<u>3,986</u>	<u>(9,269)</u>
Other general government services			
Grants to organizations	20,000	10,000	48,500
Election	<u> </u>	<u> </u>	<u>12,640</u>
	<u>20,000</u>	<u>10,000</u>	<u>61,140</u>
Amortization			
		<u>33,290</u>	<u>33,292</u>
	<u>\$ 1,201,100</u>	<u>\$ 1,135,302</u>	<u>\$ 1,150,014</u>

See accompanying notes to the consolidated financial statements.

Town of Wolfville

Schedules to Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Contracted service police	\$ 1,273,700	\$ 1,240,021	\$ 1,211,832
By-law enforcement	66,700	73,406	18,916
Building maintenance	9,000	9,983	6,290
Other	<u>21,100</u>	<u>10,444</u>	<u>16,549</u>
	<u>1,370,500</u>	<u>1,333,854</u>	<u>1,253,587</u>
Fire protection			
Fire fighting	<u>351,700</u>	<u>284,134</u>	<u>295,125</u>
Emergency measures	<u>6,100</u>	<u>3,392</u>	<u>3,981</u>
Debt charges	<u>21,000</u>	<u>19,649</u>	<u>21,540</u>
Other	<u>32,000</u>	<u>25,603</u>	<u>25,042</u>
Amortization		<u>174,442</u>	<u>194,745</u>
	<u>\$ 1,781,300</u>	<u>\$ 1,841,074</u>	<u>\$ 1,794,020</u>

See accompanying notes to the consolidated financial statements.

Town of Wolfville

Schedules to Consolidated Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Administration	\$ 196,000	\$ 183,550	\$ 223,064
Buildings and equipment	<u>80,600</u>	<u>91,506</u>	<u>79,938</u>
	<u>276,600</u>	<u>275,056</u>	<u>303,002</u>
Road transport			
Roads and streets	629,900	643,963	586,393
Street lighting	102,800	107,413	112,792
Traffic services	29,300	18,823	34,701
Other road transport	<u>30,600</u>	<u>22,200</u>	<u>5,102</u>
	<u>792,600</u>	<u>792,399</u>	<u>738,988</u>
Public transport	<u>118,200</u>	<u>106,594</u>	<u>112,653</u>
Debt charges	<u>37,200</u>	<u>45,923</u>	<u>43,364</u>
Amortization		<u>477,201</u>	<u>442,170</u>
	<u>\$ 1,224,600</u>	<u>\$ 1,697,173</u>	<u>\$ 1,640,177</u>
Environmental health services			
Sewage collection and disposal			
Administration	\$ 22,000	\$ 22,250	\$ 22,200
Sewage collection	103,600	93,840	92,166
Sewage lift stations	44,000	7,722	21,329
Sewage treatment	<u>110,900</u>	<u>124,134</u>	<u>127,989</u>
	<u>280,500</u>	<u>247,946</u>	<u>263,684</u>
Garbage and waste collection and disposal			
Garbage and waste collection	416,000	405,828	384,428
Other	<u>29,900</u>	<u>23,904</u>	<u>17,287</u>
	<u>445,900</u>	<u>429,732</u>	<u>401,715</u>
Debt charges	<u>400</u>	<u>1,970</u>	<u>599</u>
Amortization		<u>133,054</u>	<u>131,167</u>
	<u>\$ 726,800</u>	<u>\$ 812,702</u>	<u>\$ 797,165</u>

See accompanying notes to the consolidated financial statements.

Town of Wolfville

Schedules to Statement of Operations

Year Ended March 31

	2014	2013
	<u>Budget</u>	<u>Actual</u>
Environmental development services		<u>Actual</u>
Planning and zoning	\$ 355,300	\$ 277,293
Community development		
Transfer to Regional Development	36,000	38,589
Grant - Business Development Corp	110,000	110,842
Transfer to Valley Community Fibre	2,000	1,172
Community development administration	121,300	108,794
Tourism	70,800	68,010
Debt charges	2,600	2,666
Amortization	<u> </u>	<u>86,192</u>
	<u>\$ 698,000</u>	<u>\$ 691,721</u>
Recreational and cultural services		
Recreation		
Administration	\$ 143,200	\$ 118,348
Program expenses	108,800	113,534
Parks, playgrounds, and sports fields	279,000	265,280
Grants to organizations	64,200	56,409
Other	46,900	35,986
	<u>642,100</u>	<u>589,557</u>
Cultural buildings and facilities		
Library - local branch	26,100	22,309
Museums and cemetery	10,000	10,000
	<u>36,100</u>	<u>32,309</u>
Debt charges	<u>1,500</u>	<u>1,621</u>
Amortization	<u> </u>	<u>12,036</u>
	<u>\$ 679,700</u>	<u>\$ 635,524</u>

See accompanying notes to the consolidated financial statements.

Town of Wolfville
Schedules to Consolidated Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Administrative			
Salary and benefits	\$ 204,100	\$ 131,030	\$ 143,704
General office expenses	9,400	7,260	23,025
Audit	5,500	5,714	6,000
Building and vehicle expenses	73,700	62,513	58,521
Doubtful accounts expense (recovery)		(5,419)	
Training and travel	<u>3,400</u>	<u>250</u>	<u>1,191</u>
	<u>\$ 296,100</u>	<u>\$ 201,348</u>	<u>\$ 232,441</u>

See accompanying notes to the consolidated financial statements.

Town of Wolfville

Notes to the Consolidated Financial Statements

March 31, 2014

1. Significant accounting policies

The consolidated financial statements of the Town of Wolfville are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of CPA Canada. 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 fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Town and which are owned or controlled by the Town.

Interdepartmental and organizational transactions and balances are eliminated.

Trust funds are excluded from the consolidated financial statements, but are disclosed on page 27.

b) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the measurable transactions or events occurred that gave rise to the revenues and measurable expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due. Government transfers are recognized as revenue in the period that the events giving rise to the transfer occurred; provided the transfers are authorized, any eligibility criteria have been met by the Town, and reasonable estimates of the amounts can be made.

c) Fund accounting

Funds within the consolidated financial statements consist of the General, Water, and Reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

d) Valuation allowance

Uncollected taxes and rates

The Town provides a valuation allowance for estimated losses that will be incurred in collecting receivables outstanding.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

f) Use of estimates

In preparing the Town's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Town of Wolfville

Notes to the Consolidated Financial Statements

March 31, 2014

1. Significant accounting policies (continued)

g) Financial instruments

The estimated fair value of cash and cash equivalents, receivables, inventories, bank indebtedness and payables approximates carrying value due to the relatively short-term nature of the instruments and/or floating interest rates on the instruments. The estimated fair value of long-term debt also approximates carrying value due to interest rates that are based on the lenders rate.

h) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair market value upon acquisition.

The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over its useful life. Assets under construction are not amortized until the asset is put into use. Amortization is recorded as an expense commencing in the year of acquisition.

The estimated useful lives are as follows:

Town Capital

Small and office equipment	4/5 years
Motor vehicles	5/10 years
Fixed and moveable equipment	10 years
Streets, roads and curbs	25 years
Sidewalks	25 years
Operating plants (sewage treatment)	50 years
Lift stations	25 years
Traffic lights	25 years
Municipal buildings	40 years
Other infrastructure	50 years
Land improvements	25 years

Water Capital

Structures, Improvements and Wells	25/75 years
Equipment	1/10 years
Transmission, distribution and hydrants	75 years
Meters	25 years
Services	50 years

i) Employee future benefits

Defined benefit plan

The Town uses the immediate recognition approach to account for its defined benefit pension plan. The accrued benefit obligations are determined using the most recent actuarial valuation report prepared for funding purposes.

Plan assets are measured at fair value.

The Town recognizes the plan's funded surplus, which is the net amount of the accrued obligations and the fair value of the plan assets, on the balance sheet.

Town of Wolfville

Notes to the Consolidated Financial Statements

March 31, 2014

1. Significant accounting policies (continued)

Actuarial gains and losses and past service costs are included in the cost of the plan for the year in the statement of operations.

Defined contribution plan

The Town offers a defined contribution pension plan to employees. An expense is recorded in the period when the Town is obligated to make contributions for services rendered by the employee. Any unpaid contributions are included in payables and accruals on the balance sheet.

2. Contributions to Boards and Commissions

Other Boards and Commissions - less than 100% interest

The Town of Wolfville is required to finance the operation of the various Boards and Commissions, along with the other Municipal Units in Kings 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. Where shareable deficits or surpluses are measureable they are accrued in the current year results, otherwise they are recorded in the following year results.

Annapolis Valley Regional Housing Authority

For the year ended March 31, 2014, the Town's share of the deficit was \$41,148 (2013 - \$31,224).

Annapolis Valley Regional School Board – 4.77%

For the year ended March 31, 2014, the Town contributed \$623,160 (2013 - \$612,468) to the Board as its share of the operating expenditures.

Kings County Regional Development Authority - 20% interest

For the year ended March 31, 2014, the Town contributed \$ nil (2013 - \$38,589) to the Authority.

Valley Waste Management Authority – 6.46% interest

For the year ended March 31, 2014, the Town's share of the Authority's capital and operating expenditures was \$414,910 (2013 - \$400,699), which was partially offset by the Town's share of the Authority's 2012/13 surplus. The Town received \$9,082 of a total surplus of \$140,592.

Annapolis Valley Regional Library – 3.5%

For the year ended March 31, 2014, the Town's share of the deficit was \$23,966 (2013 - \$23,966).

Kings Transit Authority – 15% interest

For the year ended March 31, 2014, the Town's share of the Authority's capital and operating expenditures was \$93,554 (2013 - \$98,035). As part of its long term debt commitments, the Town also repays \$29,500, plus interest, towards a debenture taken in 2005 for the purchase of five Kings Transit buses.

Town of Wolfville

Notes to the Consolidated Financial Statements

March 31, 2014

3. Receivables			<u>2014</u>	<u>2013</u>
	<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>	<u>Total</u>
Taxes receivable				
Balance, beginning of year		\$ 260,062	\$ 260,062	\$ 333,260
Current year's levy	\$ <u>6,514,158</u>		<u>6,514,158</u>	<u>6,313,123</u>
	6,514,158	260,062	6,774,220	6,646,383
Collections	<u>(6,347,600)</u>	<u>(156,245)</u>	<u>(6,503,845)</u>	<u>(6,033,285)</u>
	<u>\$ 166,558</u>	<u>\$ 106,817</u>	270,375	260,062
Valuation allowance				<u>32,000</u>
Balance, end of year			270,375	228,062
Water rates (net of \$1,500 valuation allowance)			155,675	151,601
Sewer rates (net of nil valuation allowance)			89,961	90,673
Other receivables			<u>127,852</u>	<u>324,786</u>
			<u>\$ 643,863</u>	<u>\$ 795,122</u>

DRAFT - Audit Committee

Town of Wolfville

Notes to the Consolidated Financial Statements

March 31, 2014

4. Long term debt	<u>2014</u>	<u>2013</u>
MFC debenture, bearing interest from 5.125% to 5.375%, payable in annual instalments of \$52,800 plus interest, maturing in fiscal 2014.	\$	\$ 52,800
MFC debenture, bearing interest from 5.0% to 5.45%, payable in annual instalments of \$30,400 plus interest, maturing in fiscal 2015.	30,400	60,800
MFC debenture, bearing interest from 4.02% to 4.56%, payable in annual instalments of \$21,700 plus interest, maturing in fiscal 2016.	43,400	65,100
MFC debenture, bearing interest from 5.5% to 4.88%, payable in annual instalments of \$77,100 plus interest, maturing in fiscal 2017.	231,300	308,400
MFC debenture, bearing interest from 3.8% to 4.625%, payable in annual instalments of \$35,000 plus interest, maturing in fiscal 2018.	140,000	175,000
MFC debenture, bearing interest from 4.107% to 4.884%, payable in annual instalments of \$49,300 plus interest, maturing in fiscal 2019.	246,500	295,800
MFC debenture, bearing interest from 1.692% to 4.889%, payable in annual instalments of \$61,400 plus interest, maturing in fiscal 2020.	368,400	429,800
MFC debenture, bearing interest from 1.51% to 4.50%, payable in:		
annual instalments of \$85,200 plus interest, maturing in fiscal 2021.	596,400	681,600
annual instalments of \$15,400 plus interest, maturing in fiscal 2016	30,800	46,200
MFC debenture, bearing interest from 1.63% to 4.221%, payable in annual instalments of \$34,800 plus interest, maturing in fiscal 2022.	278,400	313,200
MFC debenture, bearing interest from 1.63% to 3.48%, payable in annual instalments of \$13,000 plus interest, maturing in fiscal 2023.	117,000	130,000
MFC debenture, bearing interest from 1.33% to 3.489%, payable in annual instalments of \$36,733 plus interest, maturing in fiscal 2029.	551,000	
	\$ <u>2,633,600</u>	\$ <u>2,558,700</u>

Town of Wolfville

Notes to the Consolidated Financial Statements

March 31, 2014

4. Long term debt (continued)

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

	General Capital	Water Capital	Total
2014/15	\$365,833	\$ 94,200	\$ 460,033
2015/16	\$339,633	\$ 90,000	\$ 429,633
2016/17	\$317,933	\$ 90,000	\$ 407,933
2017/18	\$247,733	\$ 83,100	\$ 330,833
2018/19	\$212,733	\$ 83,100	\$ 295,833

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

Subsequent to March 31, 2014, the Town placed an additional debenture with Municipal Finance Corporation totalling \$851,000 to finance streets and wastewater facilities.

5. Tangible Capital Assets

	Cost			Cost		Accumulated		Depreciation	Accumulated	Net Book
	Mar 31 2013	Additions	Disposals	Mar 31 2014	Depreciation 2013	Adjustments	Expense	Depreciation 2014	Value	
Town General Capital										
Land	\$ 1,397,548			\$ 1,397,548						\$ 1,397,548
Land Improvements	2,075,442	\$ 153,915		2,229,357	\$ 881,071		\$ 88,718	\$ 969,789		1,259,568
Buildings and Structures	3,498,596	13,441		3,512,037	1,247,982		83,930	1,331,912		2,180,125
Computers	29,270			29,270	18,747		4,408	23,155		6,115
Equipment	120,971			120,971	80,235		9,527	89,762		31,209
Traffic Lights & Poles	118,715			118,715	64,062		4,367	68,429		50,286
Sewer Systems	4,732,750	181,725		4,914,475	2,271,767		96,307	2,368,074		2,546,401
Sewer Plant(s)	912,790	5,897		918,687	555,066		36,747	591,813		326,874
Sidewalks	720,478	45,538		766,016	318,508		28,256	346,764		419,252
Streets	6,785,186	883,454		7,668,640	2,641,167		282,409	2,923,576		4,745,064
Vehicles	3,809,574	147,506	(85,639)	3,871,441	1,811,546	(51,383)	284,546	2,044,709		1,826,732
	24,201,320	1,431,476	(85,639)	25,547,157	9,890,151	(51,383)	919,215	10,757,983		14,789,174
Water Utility										
Land and Land Rights										
Source of Supply	15,226			15,226						15,226
Structures and Improvements:										
Source of Supply	609,016			609,016	185,807		10,375	196,182		412,834
Power and Pumping	85,066			85,066	38,317		1,106	39,423		45,643
Dist Reservoirs and Standpipes	1,845,986			1,845,986	496,489		23,859	520,348		1,325,638
Equipment:										
Pumping	207,797			207,797	194,452		4,478	198,930		8,867
Water Treatment	93,348			93,348	83,047		1,104	84,151		9,197
Transportation	64,263	28,080		92,343	64,263		5,616	69,879		
Tools and Work Equipment	307,680			307,680	302,627		3,098	305,725		1,955
Office Furniture and Equipment	39,661			39,661	29,813		4,276	34,089		5,572
Mains:										
Transmission	734,962			734,962	315,805		9,555	325,360		409,602
Distribution	4,230,024	174,262		4,404,286	971,340		54,497	1,025,837		3,378,449
Services	63,748			63,748	27,107		1,275	28,382		35,366
Meters	249,396			249,396	238,979		6,486	245,465		3,931
Hydrants	129,488			129,488	69,678		2,590	72,268		57,220
	8,675,661	202,342		8,878,003	3,017,724		128,315	3,146,039		5,709,500
	\$ 32,876,981	\$ 1,633,818	(85,639)	\$ 34,425,160	\$ 12,907,875	(51,383)	\$ 1,047,530	\$ 13,904,022		\$ 20,498,674

Town of Wolfville

Notes to the Consolidated Financial Statements

March 31, 2014

6. Pension plans

Defined benefit plan – Deferred Pension Plan Asset

The Town of Wolfville established a pension plan for a retired town clerk to provide for pension benefits based upon years of service. The most recent actuarial valuation for funding purposes was January 1, 2013.

The significant actuarial assumptions adopted in measuring the Town's accrued benefit obligation as at March 31, 2014, are as follows:

Expected long term rate of return on plan assets	6%
Rate of compensation increase	3%

There were no significant changes to the plan during the year.

All plan assets are held in funds administered by Standard Life. The Town's current period benefit cost was \$ nil (2013 - \$1,106).

	<u>2014</u>	<u>2013</u>
Accrued benefit obligation – closing balance	\$ 488,100	\$ 458,500
Pension fund assets – closing balance	<u>502,900</u>	<u>474,500</u>
Plan surplus	(14,800)	(16,000)
Unamortized actuarial losses	(30,400)	(32,900)
Valuation allowance	<u>14,800</u>	<u>16,000</u>
Pension asset calculated	\$ <u>30,400</u>	\$ <u>32,900</u>
Pension asset recorded	\$ <u>30,400</u>	\$ <u>32,900</u>

Defined contribution plan

All of the Town's full-time employees, as well as part-time employees meeting certain requirements, are members of a defined contribution pension plan. The Town's obligation is to contribute 6% of employees' earnings to the pension plan.

During the year, the Town's required contribution was \$92,114 to the plan.

Town of Wolfville

Notes to the Consolidated Financial Statements

March 31, 2014

7. Remuneration and expenses

The total remuneration paid to members of the council and senior management official (position vacant for 22 weeks) are as follows:

Mayor	\$ 29,784
Deputy Mayor	17,100
Councillors	<u>73,099</u>
	\$ <u>119,983</u>
Chief Administrative Officer (30 weeks)	\$ <u>69,209</u>

8. Commitments

The Town has entered into operating lease agreements for copier/printer equipment. The current term of the lease expires in April 2014.

9. Rate of return on rate base

For the year ended March 31, 2014, the Water Utility had a rate of return on rate base of 5.36% (2013 – 5.44%).

10. Segmented information

The Town of Wolfville is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes, the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Town services are provided by departments and their activities are reported in those segments. The following departments have been separately disclosed in the segmented information along with the services they provide:

General government services

Includes the Mayor and Council, the CAO's office, human resources, finance and information technology. Council collectively determines policies to be administered by Town employees, Boards and Commissions; and establishes the direction and approves matters in conducting Town affairs. The administrative departments assist Council with the development of policies and ensure proper management and utilization of financial resources in a legally correct, responsible way following all guidelines as they pertain to municipal finance.

Protective services

Provides police protection through contracted service with the Royal Canadian Mounted Police; enforcement of bylaws through Bylaw Enforcement Officer; fire protection by a volunteer based department; supports both local and regional emergency measures organizations; and includes other protective services for animal control and crosswalk guards.

Town of Wolfville

Notes to the Consolidated Financial Statements

March 31, 2014

11. Segmented information (continued)

Transportation services

Provides the administration and provision of engineering and works; provides services to maintain the roadway systems, the waste water systems and street lighting; and preserves the investment made in infrastructure and equipment.

Environmental health services

Provides sanitary sewer collection and treatment service; collection of solid waste and recyclables in an efficient and environmentally friendly manner.

Environmental development services

Provides civic planning for future development and administers the building inspection services for the Town; contributes to regional planning; and promotes tourism and economic development activities.

Recreational and cultural services

Provides and facilitates quality leisure services for citizens of all ages in the Town; provides the widest possible variety of constructive leisure pursuits including parks, trails, tennis, soccer and playground facilities; and provides for cultural facilities such as a library and museum.

Water services

The Wolfville Water Utility provides the delivery of drinking water through the supply, pumping, treatment and distribution of water to its users.

Certain allocation methodologies are employed in the preparation of the segmented financial information. The General Operating Fund reports on municipal services that are funded primarily by property taxation and rates. The Wolfville Water Operating Fund reports on municipal services that are funded primarily by water rates.

The accounting policies used in these separate segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

**Town of Wolfville
Supplementary Schedule
Water Utility Operating Fund
Statement of Operations**

Year Ended March 31 2014 2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenue			
Metered sales	\$ 678,000	\$ 660,214	\$ 677,050
Public fire protection	375,000	378,170	372,467
Sprinkler services	7,300	7,560	7,240
Other	<u>6,700</u>	<u>10,755</u>	<u>2,204</u>
	<u>1,067,000</u>	<u>1,056,699</u>	<u>1,058,961</u>
Operating expenditures			
Source of supply	13,200		3,851
Power and pumping	100,600	128,780	139,244
Treatment	92,100	48,463	42,890
Transmission and distribution	172,100	203,033	175,459
Administrative	296,100	201,348	232,634
Depreciation	126,000	128,315	126,553
Taxes	<u>57,300</u>	<u>54,229</u>	<u>54,052</u>
	<u>857,400</u>	<u>764,168</u>	<u>774,683</u>
Operating profit	<u>209,600</u>	<u>292,531</u>	<u>284,278</u>
Non-operating revenue			
Federal Gas Tax grant		51,000	
Transfer from Water Capital (Dep'n Funds)	<u>269,000</u>	<u>123,262</u>	<u>218,000</u>
	<u>269,000</u>	<u>174,262</u>	<u>218,000</u>
Non-operating expenditures			
Debt charges			
Principal	94,200	94,200	94,200
Interest	24,400	23,533	26,307
Other debt charges	500	80	208
Capital expenditure out of operations	<u>347,100</u>	<u>194,842</u>	<u>309,599</u>
	<u>466,200</u>	<u>312,655</u>	<u>430,314</u>
Excess of revenue over expenditures	<u>\$ 12,400</u>	<u>\$ 154,138</u>	<u>\$ 71,964</u>
Surplus, beginning of year		\$ 490,872	\$ 418,908
Excess of revenue over expenditures		<u>154,138</u>	<u>71,964</u>
Surplus, end of year		<u>\$ 645,010</u>	<u>\$ 490,872</u>

**Town of Wolfville
 Supplementary Schedule
 Water Utility Operating Fund
 Statement of Financial Position**

March 31 2014 2013

Assets		
Cash	\$ 613,444	\$ 441,715
Receivables		
Rates, net of allowance for doubtful accounts	155,675	151,601
Other	12,840	6,724
Own funds and agencies		
Town General Operating Fund	17,498	
Prepaid expenses	6,438	3,493
Inventory, at cost	<u>30,171</u>	<u>35,385</u>
	<u>\$ 836,066</u>	<u>\$ 638,918</u>

Liabilities		
Payables and accruals	\$ 48,953	\$ 34,586
Customer deposits	18,841	19,217
Own funds and agencies		
Town General Operating Fund		94,244
Town General Capital Fund	<u>123,262</u>	
	191,056	148,047
Surplus	<u>645,010</u>	<u>490,872</u>
	<u>\$ 836,066</u>	<u>\$ 638,919</u>

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**Town of Wolfville
 Supplementary Schedule
 Water Utility Capital Fund
 Statement of Financial Position**

March 31 2014 2013

Assets

Cash (depreciation fund)	\$ 354,305	\$ 349,252
Utility plant and equipment	<u>8,878,003</u>	<u>8,675,661</u>
	<u>\$ 9,232,308</u>	<u>\$ 9,024,913</u>

Liabilities

Long-term debt	\$ <u>566,900</u>	\$ <u>661,100</u>
Accumulated allowance for depreciation	<u>3,146,039</u>	<u>3,017,724</u>

Equity

Reserve fund balance	354,305	349,252
Investment in capital assets (Page 17)	<u>5,165,064</u>	<u>4,996,837</u>
	<u>5,519,369</u>	<u>5,346,089</u>
	<u>\$ 9,232,308</u>	<u>\$ 9,024,913</u>

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Town of Wolfville
Supplementary Schedule
Water Utility Capital Fund
Statement of Investment in Capital Assets

Year Ended March 31	2014	2013
Balance, beginning of year	\$ <u>4,996,837</u>	\$ <u>4,720,573</u>
Add:		
Term debt retired	94,200	94,200
Proceeds on disposal of asset	7,500	
Capital from operations	<u>194,842</u>	<u>309,792</u>
	<u>296,542</u>	403,992
Less:		
Amortization of capital assets	128,315	126,553
Other	<u> </u>	<u>1,175</u>
	<u>128,315</u>	<u>127,728</u>
Balance, end of year	\$ <u>5,165,064</u>	\$ <u>4,996,837</u>

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Add trust fund page from Excel

DRAFT - Audit Committee

Non-Consolidated Financial Statements

Town of Wolfville

March 31, 2014



A cultivated experience for the mind, body, and soil

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Town of Wolfville Operating Fund Statement of Operations

Year Ended March 31

2014

2013

	<u>Page</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue				
Taxes	3	\$ 6,309,100	\$ 6,289,850	\$ 6,161,561
Grants in lieu of taxes	3	904,100	913,200	829,359
Services provided other government	3	1,600	1,671	1,671
Sales of services	3	745,700	729,137	749,248
Other revenue from own sources	4	298,100	344,080	365,833
Unconditional transfers from other governments	4	62,600	72,246	62,619
Conditional transfers from other governments	4	<u>27,000</u>	<u>36,210</u>	<u>39,983</u>
		<u>8,348,200</u>	<u>8,386,394</u>	<u>8,210,274</u>
Expenditures				
General government services	5	1,262,100	1,172,637	1,204,622
Protective services	6	2,238,300	2,125,151	2,052,730
Transportation services	7	1,344,100	1,346,035	1,327,307
Environmental health services	7	726,800	679,648	665,998
Public health and welfare services	8	34,000	41,148	31,224
Environmental development services	8	703,500	640,051	612,666
Recreational and cultural services	8	<u>703,700</u>	<u>659,980</u>	<u>647,453</u>
		<u>7,012,500</u>	<u>6,664,650</u>	<u>6,542,000</u>
Net revenue		<u>1,335,700</u>	<u>1,721,744</u>	<u>1,668,274</u>
Financing and transfers				
Principal repayment of long term debt		(352,400)	(352,400)	(384,700)
Transfers (to) from other funds				
Capital reserves		(983,300)	(1,133,300)	(817,800)
Operating reserves				(20,000)
Operating reserves				10,000
		<u>(1,335,700)</u>	<u>(1,485,700)</u>	<u>(1,212,500)</u>
Change in fund balance		\$ <u> </u>	\$ <u>236,044</u>	\$ <u>455,774</u>
<hr/>				
Surplus, beginning of year			\$ 968,657	\$ 512,883
Excess of revenue over expenditures			<u>236,044</u>	<u>455,774</u>
Surplus, end of year			\$ <u>1,204,701</u>	\$ <u>968,657</u>

**Town of Wolfville
Operating Fund
Statement of Financial Position**

March 31	2014	2013
Assets		
Cash	\$ <u>1,462,914</u>	\$ <u>1,060,861</u>
Receivables		
Taxes	270,375	228,062
Other receivables	204,975	199,724
Own funds and agencies		
Water Operating Fund	<u> </u>	<u>94,244</u>
	<u>475,350</u>	<u>522,030</u>
Deferred pension asset	<u>30,400</u>	<u>32,900</u>
	<u>1,968,664</u>	<u>1,615,791</u>
Liabilities		
Payables		
Trade and accruals	585,768	463,132
Own funds and agencies		
Capital Fund	13,847	40,550
Water Operating Fund	17,498	
Deferred revenue	185,591	172,612
Other payables	<u>4,116</u>	<u>1,724</u>
	<u>806,820</u>	<u>678,018</u>
NET ASSETS	<u>1,161,844</u>	<u>937,773</u>
Non-Financial Assets		
Prepaid expenses	<u>42,857</u>	<u>30,884</u>
ACCUMULATED SURPLUS	<u>\$ 1,204,701</u>	<u>\$ 968,657</u>

Town of Wolfville Operating Fund Schedules to Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 4,968,700	\$ 4,955,954	\$ 4,753,136
Commercial			
Commercial property	1,111,100	1,113,940	1,124,803
BID Area Rate	110,000	110,904	111,869
Resource	12,900	12,182	8,082
Fire protection area rate	<u>391,000</u>	<u>375,407</u>	<u>369,285</u>
	<u>6,593,700</u>	<u>6,568,387</u>	<u>6,367,175</u>
Business property			
Business occupancy			38,493
Based on revenue (Aliant)	19,800	17,140	19,344
Nova Scotia Power Inc. (GILT)	4,200	3,623	3,910
NSPI (HST rebate)	<u>31,000</u>	<u>41,963</u>	<u>30,108</u>
	<u>55,000</u>	<u>62,726</u>	<u>91,855</u>
Deed transfer tax	<u>300,000</u>	<u>281,897</u>	<u>314,999</u>
Taxes collected on behalf of others			
Appropriation to regional school board	<u>(639,600)</u>	<u>(623,160)</u>	<u>(612,468)</u>
	<u>\$ 6,309,100</u>	<u>\$ 6,289,850</u>	<u>\$ 6,161,561</u>
Grants in lieu of taxes			
Federal government agencies	\$ 20,900	\$ 21,066	\$ 20,914
Provincial government			
Property of supported institution	<u>883,200</u>	<u>892,134</u>	<u>808,445</u>
	<u>\$ 904,100</u>	<u>\$ 913,200</u>	<u>\$ 829,359</u>
Services provided to other governments			
	<u>\$ 1,600</u>	<u>\$ 1,671</u>	<u>1,671</u>
Sales of services			
General government	\$ 5,600	\$ 5,718	\$ 5,750
Protective services	300,000	305,118	289,343
Transportation	10,000	32,322	20,233
Environmental health	323,500	304,481	320,784
Environmental development	26,200	22,771	24,893
Recreation, tourism and cultural	<u>80,400</u>	<u>58,727</u>	<u>88,245</u>
	<u>\$ 745,700</u>	<u>\$ 729,137</u>	<u>\$ 749,248</u>

Town of Wolfville
Operating Fund
Schedules to Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other revenue from own sources			
Cost recovery – Water Utility	\$ 156,500	\$ 173,651	\$ 193,000
Licenses and permits	22,100	35,004	25,909
Fines and fees	37,100	18,237	40,469
Rentals	21,400	19,127	19,167
Interest on investments	11,000	20,963	21,127
Interest on tax arrears	45,000	53,803	55,491
Miscellaneous	<u>5,000</u>	<u>23,295</u>	<u>10,670</u>
	\$ 298,100	\$ 344,080	\$ 365,833
Unconditional transfers from other governments			
Provincial government			
Municipal Grant Act - equalization	\$ 61,500	\$ 71,137	\$ 61,524
Farm property acreage	<u>1,100</u>	<u>1,109</u>	<u>1,095</u>
	\$ 62,600	\$ 72,246	\$ 62,619
Conditional transfers from other governments			
Federal government	\$	\$	\$ 2,154
Provincial government	25,000	29,000	30,197
Other	<u>2,000</u>	<u>7,210</u>	<u>7,632</u>
	\$ 27,000	\$ 36,210	\$ 39,983

**Town of Wolfville
Operating Fund
Schedules to Statement of Operations**

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor remuneration	\$ 29,800	\$ 29,784	\$ 29,388
Council remuneration	90,200	90,199	89,831
Other expenses	<u>37,100</u>	<u>23,962</u>	<u>35,579</u>
	<u>157,100</u>	<u>143,945</u>	<u>154,798</u>
General administrative			
Administration, finance, common costs	893,800	846,712	838,496
Audit	23,000	18,708	26,476
Taxation			
Reduced taxes	74,000	66,609	52,436
Transfer provincial assessments	<u>77,000</u>	<u>75,802</u>	<u>76,345</u>
	<u>1,067,800</u>	<u>1,007,831</u>	<u>993,753</u>
Debt charges			
Interest on long term debt	2,200	1,891	2,927
Other debt charges	<u>10,000</u>	<u>4,984</u>	<u>1,273</u>
	<u>12,200</u>	<u>6,875</u>	<u>4,200</u>
Valuation allowances			
Doubtful taxes (recovered)	5,000	2,506	(9,269)
Doubtful receivables other	<u> </u>	<u>1,480</u>	<u> </u>
	<u>5,000</u>	<u>3,986</u>	<u>(9,269)</u>
Other general government services			
Grants to organizations	20,000	10,000	48,500
Election	<u> </u>	<u> </u>	<u>12,640</u>
	<u>20,000</u>	<u>10,000</u>	<u>61,140</u>
	<u>\$ 1,262,100</u>	<u>\$ 1,172,637</u>	<u>\$ 1,204,622</u>

Town of Wolfville
Operating Fund
Schedules to Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Contracted police service	\$ 1,273,700	\$ 1,240,021	\$ 1,211,832
By-law enforcement	66,700	73,406	18,916
Building maintenance	9,000	9,983	6,290
Other	<u>21,100</u>	<u>10,444</u>	<u>16,549</u>
	<u>1,370,500</u>	<u>1,333,854</u>	<u>1,253,587</u>
Transfer to Province			
Correctional service	<u>82,000</u>	<u>80,349</u>	<u>80,988</u>
Fire protection			
Water supply and hydrants	391,000	378,170	372,467
Fire fighting	<u>335,700</u>	<u>284,134</u>	<u>295,125</u>
	<u>726,700</u>	<u>662,304</u>	<u>667,592</u>
Emergency measures	<u>6,100</u>	<u>3,392</u>	<u>3,981</u>
Debt charges	<u>21,000</u>	<u>19,649</u>	<u>21,540</u>
Other	<u>32,000</u>	<u>25,603</u>	<u>25,042</u>
	<u>\$ 2,238,300</u>	<u>\$ 2,125,151</u>	<u>\$ 2,052,730</u>

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**Town of Wolfville
Operating Fund
Schedules to Statement of Operations**

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Administration	\$ 266,000	\$ 260,113	\$ 305,064
Buildings and equipment	<u>80,600</u>	<u>91,506</u>	<u>79,938</u>
	<u>346,600</u>	<u>351,619</u>	<u>385,002</u>
Road transport			
Roads and streets	649,900	663,963	604,193
Street lighting	102,800	107,413	112,792
Traffic services	29,300	18,823	34,701
Other road transport	<u>30,600</u>	<u>22,200</u>	<u>5,102</u>
	<u>812,600</u>	<u>812,399</u>	<u>756,788</u>
Public transport	<u>147,700</u>	<u>136,094</u>	<u>142,153</u>
Debt charges	<u>37,200</u>	<u>45,923</u>	<u>43,364</u>
	<u>\$ 1,344,100</u>	<u>\$ 1,346,035</u>	<u>\$ 1,327,307</u>
Environmental health services			
Sewage collection and disposal			
Administration	\$ 22,000	\$ 22,250	\$ 22,200
Sewage collection	103,600	93,840	92,166
Sewage lift stations	44,000	7,722	21,329
Sewage treatment	<u>110,900</u>	<u>124,134</u>	<u>127,989</u>
	<u>280,500</u>	<u>247,946</u>	<u>263,684</u>
Garbage and waste collection and disposal			
Garbage and waste collection	416,000	405,828	384,428
Other	<u>29,900</u>	<u>23,904</u>	<u>17,287</u>
	<u>445,900</u>	<u>429,732</u>	<u>401,715</u>
Debt charges	<u>400</u>	<u>1,970</u>	<u>599</u>
	<u>\$ 726,800</u>	<u>\$ 679,648</u>	<u>\$ 665,998</u>

**Town of Wolfville
Operating Fund
Schedules to Statement of Operations**

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Public health and welfare services			
Regional Housing Authority	\$ <u>34,000</u>	\$ <u>41,148</u>	\$ <u>31,224</u>
	<u>\$ 34,000</u>	<u>\$ 41,148</u>	<u>\$ 31,224</u>
Environmental development services			
Planning and zoning	\$ 360,800	\$ 331,445	\$ 282,593
Community development			
Transfer to Regional Development	36,000		38,589
Transfer to Business Development Corp	110,000	110,826	110,842
Transfer to Valley Community Fibre	2,000	1,149	1,172
Community development administration	121,300	118,775	108,794
Tourism	70,800	76,095	68,010
Debt charges	<u>2,600</u>	<u>1,761</u>	<u>2,666</u>
	<u>\$ 703,500</u>	<u>\$ 640,051</u>	<u>\$ 612,666</u>
Recreational and cultural services			
Recreation			
Administration	\$ 143,200	\$ 130,345	\$ 118,348
Program expenses	108,800	102,437	113,534
Parks, playgrounds, and sports fields	279,000	275,187	265,280
Grants to organizations	64,200	44,758	56,409
Festival and events	<u>46,900</u>	<u>47,463</u>	<u>35,986</u>
	<u>642,100</u>	<u>600,190</u>	<u>589,557</u>
Cultural buildings and facilities			
Library - local branch	26,100	24,332	22,309
Transfer to regional library board	24,000	23,966	23,966
Museums and cemetery	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
	<u>60,100</u>	<u>58,298</u>	<u>56,275</u>
Debt charges	<u>1,500</u>	<u>1,492</u>	<u>1,621</u>
	<u>\$ 703,700</u>	<u>\$ 659,980</u>	<u>\$ 647,453</u>

**Town of Wolfville
Capital Fund
Statement of Financial Position**

March 31 2014 2013

Assets

Receivables		
Grant funding and other	\$	\$ 43,705
Own funds and agencies		
General Operating Fund	13,847	40,550
Reserve Fund	30,886	166,744
Water Operating Fund	123,262	
Tangible capital assets		
Work in progress	264,632	105,761
Property and equipment	<u>14,792,174</u>	<u>14,311,170</u>
	\$ 15,224,801	\$ 14,667,930

Liabilities

Short Term Borrowing	\$ 688,840	\$ 630,573
Payables		
Trade accounts	194,550	107,686
Long-term debt		
Municipal Finance Corporation	<u>2,066,700</u>	<u>1,897,600</u>
	2,950,090	2,635,859

Equity

Investment in capital assets (Page 10)	<u>12,274,711</u>	<u>12,032,071</u>
	\$ 15,224,801	\$ 14,667,930

Town of Wolfville
Capital Fund
Statement of Investment in Capital Assets

Year Ended March 31	2014	2013
Balance, beginning of year	\$ <u>12,032,071</u>	\$ <u>10,929,591</u>
Add:		
Debt retired	381,900	414,200
Transfer from Reserve Funds	709,806	1,408,861
Grant funding	51,205	17,251
Gain (loss) on disposal of assets	5,744	56,113
Capital contributions	<u>10,200</u>	<u>103,821</u>
	<u>1,158,855</u>	<u>2,000,246</u>
Less:		
Amortization of capital assets	<u>916,215</u>	<u>897,766</u>
Balance, end of year	\$ <u>12,274,711</u>	\$ <u>12,032,071</u>

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Town of Wolfville
Reserve Fund
Statement of Operations

Year Ended March 31

2014

2013

	<u>Capital</u>	<u>Operating</u>	<u>Total</u>	<u>Total</u>
Revenue				
Interest	\$ 8,896	\$ 5,386	\$ 14,282	\$ 15,793
Contributions/donations	22,668	357	23,025	269
Federal gas tax grant	326,582		326,582	330,462
Residual debt funding				22,023
Other	<u>21,840</u>	<u> </u>	<u>21,840</u>	<u>19,530</u>
	379,986	5,743	385,729	388,077
Expenses				
Open Space Refund				2,900
Bank charges and sundry	<u> </u>	<u> </u>	<u> </u>	<u>115</u>
Net Revenue	<u>379,986</u>	<u>5,743</u>	<u>385,729</u>	<u>385,062</u>
Transfer from				
General Operating Fund	<u>1,133,300</u>	<u> </u>	<u>1,133,300</u>	<u>837,800</u>
Transfer to				
General Operating Fund				(10,000)
General Capital Fund	<u>(760,806)</u>	<u> </u>	<u>(760,806)</u>	<u>(1,408,861)</u>
	<u>(760,806)</u>	<u> </u>	<u>(760,806)</u>	<u>(1,418,861)</u>
Change in fund balance	752,480	5,743	758,223	(195,999)
Balance, beginning of year	<u>1,021,711</u>	<u>547,020</u>	<u>1,568,731</u>	<u>1,764,730</u>
Balance, end of year	<u>\$1,774,191</u>	<u>\$ 552,763</u>	<u>\$ 2,326,954</u>	<u>\$ 1,568,731</u>

**Town of Wolfville
Reserve Fund
Statement of Financial Position**

March 31	2014			2013
	<u>Capital</u>	<u>Operating</u>	<u>Total</u>	<u>Total</u>
Assets				
Cash	\$ 1,805,077	\$ 552,763	\$ 2,357,840	\$ 1,570,169
Receivables				
Gas tax grant				165,306
	<u>1,805,077</u>	<u>552,763</u>	<u>2,357,840</u>	1,735,475
Liabilities				
Own funds and agencies				
Town Capital Fund	<u>(30,886)</u>		<u>(30,886)</u>	<u>(166,744)</u>
Reserves	\$ <u>1,774,191</u>	\$ <u>552,763</u>	\$ <u>2,326,954</u>	\$ <u>1,568,731</u>

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Town of Wolfville Water Utility Operating Fund Statement of Operations

Year Ended March 31		2014	2013
	Page	Budget	Actual
Operating revenue			
Metered sales		\$ 678,000	\$ 660,214
Public fire protection		375,000	378,170
Sprinkler services		7,300	7,560
Other		<u>6,700</u>	<u>10,755</u>
		1,067,000	1,056,699
Operating expenditures			
Source of supply		13,200	3,851
Power and pumping		100,600	128,780
Treatment		92,100	48,463
Transmission and distribution		172,100	203,033
Administrative	15	296,100	201,348
Depreciation		126,000	128,315
Taxes		<u>57,300</u>	<u>54,229</u>
		857,400	764,168
Operating profit		<u>209,600</u>	<u>292,531</u>
Non-operating revenue			
Federal Gas Tax Grant			51,000
Transfer from Water Capital (Dep'n Funds)		<u>269,000</u>	<u>123,262</u>
		269,000	174,262
Non-operating expenditures			
Debt charges			
Principal		94,200	94,200
Interest		24,400	23,533
Other debt charges		500	80
Capital expenditure out of operations		<u>347,100</u>	<u>194,842</u>
		466,200	312,655
Excess of revenue over expenditures		\$ <u>12,400</u>	\$ <u>154,138</u>
<hr/>			
Surplus, beginning of year		\$ 490,872	\$ 418,908
Excess of revenue over expenditures		<u>154,138</u>	<u>71,964</u>
Surplus, end of year		\$ <u>645,010</u>	\$ <u>490,872</u>

**Town of Wolfville
Water Utility Operating Fund
Statement of Financial Position**

March 31	2014	2013
Assets		
Cash	\$ 613,444	\$ 441,715
Receivables		
Rates, net of allowance for doubtful accounts	155,675	151,601
Other	12,840	6,724
Own funds and agencies		
Town General Operating Fund	17,498	
Prepaid expenses	6,438	3,494
Inventory, at cost	<u>30,171</u>	<u>35,385</u>
	<u>\$ 836,066</u>	<u>\$ 638,919</u>
Liabilities		
Payables and accruals	\$ 48,953	\$ 34,586
Customer deposits	18,841	19,217
Own funds and agencies		
Town General Operating Fund		94,244
Town General Capital Fund	<u>123,262</u>	
	191,056	148,047
Surplus	<u>645,010</u>	<u>490,872</u>
	<u>\$ 836,066</u>	<u>\$ 638,919</u>

Town of Wolfville
Water Utility Operating Fund
Schedule to Statement of Operations

Year Ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Administrative			
Salary and benefits	\$ 204,100	\$ 131,030	\$ 143,897
General office expenses	9,400	7,260	23,025
Audit	5,500	5,714	6,000
Building and vehicle expenses	73,700	62,513	58,521
Doubtful accounts expense (recovery)		(5,419)	
Training and travel	<u>3,400</u>	<u>250</u>	<u>1,191</u>
	<u>\$ 296,100</u>	<u>\$ 201,348</u>	<u>\$ 232,634</u>

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Town of Wolfville
Water Utility Capital Fund
Statement of Financial Position

March 31

2014

2013

Assets

Cash (depreciation fund)	\$ 354,305	\$ 349,252
Utility plant and equipment	<u>8,878,003</u>	<u>8,675,661</u>
	<u>\$ 9,232,308</u>	<u>\$ 9,024,913</u>

Liabilities

Long term debt	\$ <u>566,900</u>	\$ <u>661,100</u>
Accumulated allowance for depreciation	<u>3,146,039</u>	<u>3,017,724</u>

Equity

Reserve fund balance	354,305	349,252
Investment in capital assets (Page 17)	<u>5,165,064</u>	<u>4,996,837</u>
	<u>\$ 9,232,308</u>	<u>\$ 9,024,913</u>

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**Town of Wolfville
Water Utility Capital Fund
Statement of Investment in Capital Assets**

Year Ended March 31	2014	2013
Balance, beginning of year	<u>\$ 4,996,837</u>	<u>\$ 4,720,573</u>
Add:		
Term debt retired	94,200	94,200
Proceeds on disposal of asset	7,500	
Capital from operations	<u>194,842</u>	<u>309,792</u>
	<u>296,542</u>	<u>403,992</u>
Less:		
Amortization of capital assets	128,315	126,553
Other	<u> </u>	<u>1,175</u>
	<u>128,315</u>	<u>127,728</u>
Balance, end of year	<u>\$ 5,165,064</u>	<u>\$ 4,996,837</u>

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INFORMATION REPORT TO COUNCIL
Accounts Receivable Update
Audit Committee

Date: June 27, 2014
Department: Finance



1) COMMENT / RECOMMENDATION – CAO

Not applicable to this report.

2) RECOMMENDATION

Not applicable. Information update only.

3) REFERENCES

Town Tax Sale Policy

4) PURPOSE OF REPORT

This report is part of the annual financial update to the Audit Committee, specifically with regards to tax arrears. The discussion below will encompass two areas:

- Update 2013/14 Tax Sale Process
- Identify Possible 2014/15 Tax Sale properties

5) DISCUSSION

2013/14 Tax Sale Process

The Town adopted a new Tax Sale Policy mid-way through the 2012/13 fiscal year. Based on this policy 9 properties were originally identified as falling within the policy requirements. The following process has occurred to date:

- In October 2013 the list of potential tax sales was reviewed, including checking for any cash receipts since March 31, 2013. The original list of 9 potential properties was reduced to 8.
- In January 2014 the tax arrears were reviewed another time, with a further reduction in properties falling within the tax sale policy threshold of taxes outstanding for more than 2 years.
- In February 2014 six Preliminary Notices of Tax Sale were delivered to the applicable owners. A deadline of March 7th was given by which the arrears had to be dealt with.
- During the month of March, three of the property owners paid their taxes in full or had made reasonable arrangements to have them paid by the end of May. One of the accounts paid in full just before March 31st ended up being an NSF cheque. Arrangements were immediately made to replace the NSF cheque and that account has now been cleared.

INFORMATION REPORT TO COUNCIL

Accounts Receivable Update

Audit Committee

Date: June 27, 2014
Department: Finance

- On March 31st, a list of three properties was sent to the Town Solicitor to begin the required title searches.
- Earlier this month the results of the title searches were submitted to the Finance Department.
- Remaining steps include:
 - Notice of Intent to sell must be delivered to property owner
 - Owner has 60 days to pay the full amount outstanding, including any costs incurred by the Town (legal, demolition, etc).
 - Tax sale advertisement must be done twice, with first add occurring at least 30 days prior to the sale
 - Hold Tax Sale
 - Redemption of tax sale – property may be redeemed by owner within six months of tax sale date

2014/15 Tax Sale Process

- Process can commence after June 30th.
- Preliminary review of March 31st tax arrears indicates that 5 properties fall within the policy threshold, with another 4 likely qualifying.
- The Finance Department will review all nine accounts over the next two months.
- Preliminary Tax Sale Notices will be issued by the end of September, with a goal of carrying out the tax sales by March 31, 2015.

Other Receivables Update

With regard to Water/Sewer accounts, staff have started to informally follow the new standard procedure. To date one water service has been shut off due to non payment. The list of inactive accounts totaled a net amount of slightly under \$500. This list will be reviewed over the next month, ensuring any deposits have been appropriately applied and any remaining outstanding amounts to be sent for collections. Based on the success/failure of the collection efforts, there may be a list of write-offs for the Audit Committee and Council to consider later in the year.

Sundry billings are also being reviewed during for any possible bad debts. Efforts over the past month or two have been on dog tag fees outstanding.

6) POLICY CONSIDERATIONS

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7) BUDGET CONSIDERATIONS

Not applicable.

8) SUMMARY

This report provides the Committee with information showing that the Town is making progress in the area of receivable collections. There will be continued efforts moving forward to ensure amounts due to the Town are paid in full and in a timely manner.