

VILLAGE OF PUGWASH
PUGWASH, NOVA SCOTIA

CONSOLIDATED
FINANCIAL STATEMENTS
MARCH 31, 2014

CONTENTS

	<u>PAGE</u>
Independent Auditors Report	1
Consolidated Statement of Financial Activities	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Cash Flow	4
Notes to Consolidated Financial Statements	5 - 7
Schedule of Expenditures	8 - 10

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the Village of Pugwash

We have audited the accompanying consolidated financial statements of the Village of Pugwash, which comprise the consolidated statement of financial position as at March 31, 2014 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

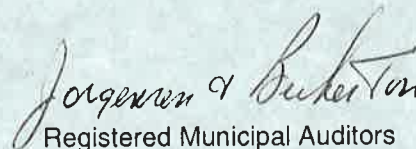
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The Village of Pugwash has not complied with public sector accounting section 3150 as detailed in Note 2 of the financial statements. Compliance was required by fiscal year 2009.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village of Pugwash as at March 31, 2014 and the consolidated results of its financial activities and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Registered Municipal Auditors

VILLAGE OF PUGWASH
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>		<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue	<u>\$208,314</u>	<u>\$196,576</u>	<u>\$202,576</u>
Expenditures			
General Government Services	82,181	80,457	78,332
Transportation Services	12,512	12,392	23,284
Environmental Health Services	57,630	30,662	28,795
Environmental Development Services	15,030	11,013	1,933
Recreation and Cultural Services	40,961	32,366	29,505
	<u>\$208,314</u>	<u>166,890</u>	<u>161,849</u>
Excess of revenue over expenditures		<u>\$ 29,686</u>	<u>\$ 40,727</u>

VILLAGE OF PUGWASH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
Financial Assets		
Cash	\$ 157,683	\$ 131,305
Receivables		
HST	13,680	6,830
Other	-	605
	<u>171,363</u>	<u>138,740</u>
Financial Liabilities		
Trade payables	<u>2,395</u>	<u>580</u>
Net Financial Assets (Liabilities)	168,968	138,160
Non-Financial Assets		
Property and Equipment	<u>1,125,870</u>	<u>1,125,870</u>
Net Asset (Liabilities)	<u>\$1,294,838</u>	<u>\$1,264,030</u>

VILLAGE OF PUGWASH
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
Increase (decrease) in cash and cash equivalents		
Operating Activities		
Net revenue (expenditures)	\$ 29,686	\$ 40,726
Decrease (increase) in receivables	(6,245)	(5,540)
Increase (decrease) in payables	<u>2,937</u>	<u>(2,274)</u>
Net increase (decrease in cash)	26,378	32,912
Cash, beginning of year	<u>131,305</u>	<u>98,393</u>
Cash, end of year	<u>\$ 157,683</u>	<u>\$ 131,305</u>

VILLAGE OF PUGWASH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Pugwash 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 Village of Pugwash and the changes thereto.

a) Reporting Entity

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

- General Operating and General Capital
- Operating Reserves

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

b) Fund Accounting

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

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

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

VILLAGE OF PUGWASH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Revenue and Expenditure Recognition

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

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

d) Tangible Capital Assets

The Village of Pugwash currently records tangible capital assets at cost in the period they were acquired. As of March 31, 2014 the Village of Pugwash has not complied with the new recommendations for accounting for Tangible Capital Assets.

The new recommendations require a complete listing and values for land, buildings, engineered structures, machinery, equipment and motor vehicles.

The financial statements should disclose, for each major category of capital assets, the total cost, accumulated amortization and net book value of the beginning and end of the period and the total additions, disposals, write down and amortization for the period.

e) 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.

VILLAGE OF PUGWASH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

f) **Investment Income**

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

g) **Use of Estimates**

The preparation of these financial 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.

h) **Financial Instruments**

The Village of Pugwash financial instruments consist of cash, accounts receivable and payables and accruals. Unless otherwise noted, it is managements opinion that the Village is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

2. General Government Services

This department is responsible for the overall governance and financial administration of the Village.

Transportations Services

This department is responsible for common services, street lighting, parking, street maintenance and other transportation related functions.

Environmental Health Services

This department is responsible for the provision of waste collection and disposal.

Environmental Development Services

This department is responsible for planning and zoning, community development, tourism and other development services.

Recreation and Cultural Services

This department is responsible for the maintenance and operation of recreational facilities including parks, playgrounds, etc.

VILLAGE OF PUGWASH
CONSOLIDATED STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2014

	2014	
	<u>Budget</u>	<u>Actual</u>
Revenues		
Taxes - Village rate	\$163,764	\$161,500
Grant - Summer Employment	1,800	1,430
Project revenue all sources	4,000	5,000
Library grant	7,300	7,411
Rental income - old fire hall	3,000	2,609
Rental income - Village hall	3,400	2,400
Lease revenue	1,750	1,500
Gathering of the Clans	6,300	-
Other Government grants	8,000	8,000
HST and N.S. HST offset	9,000	6,726
	<u>208,314</u>	<u>196,576</u>
Total Revenue		
Expenses		
General Government Services		
Photocopier Lease	1,830	1,830
Commissioner travel & expenses	2,000	1,372
Wages – Janitor	-	1,550
Wages - Clerk Treasurer	31,000	34,262
EI expense	1,800	1,405
CPP expense	2,600	2,113
WCB expense	1,000	900
Newsletter	600	441
Website	190	187
Advertising and promotions	750	902
Miscellaneous	-	-
Bank charges and interest	350	(35)
Administrator - travel	700	376
Conferences	1,500	166
Courses	350	287
Membership fees	700	-
Professional/contracted services	5,000	-
Village hall - maintenance	2,000	3,510
Reduced property taxes	400	-

VILLAGE OF PUGWASH
CONSOLIDATED STATEMENT OF EXPENDITURES
YEAR ENDED MARCH 31, 2014

	2014	
	<u>Budget</u>	<u>Actual</u>
Expenses		
General Government Services (cont'd)		
Legal expense	700	1,349
Office supplies and expenses	1,500	1,019
Telephone, fax and internet	2,500	2,474
Contingency	411	-
Grants to Groups	6,000	5,965
Bursaries & scholarships	1,300	1,300
Audit	4,700	4,688
Insurance	8,300	10,434
Nova Scotia Power - Village Hall	4,000	3,962
Total General Government Services	<u>82,181</u>	<u>80,457</u>
Transportation Services		
Municipal street lights	400	330
Sidewalks - snow removal	10,212	10,116
Street lights - NSPI	700	895
Eaton Park stage & boardwalk lights	1,200	1,051
Total Transportation Services	<u>12,512</u>	<u>12,392</u>
Environmental Health Services		
Municipal sewer	1,800	1,728
Village - general maintenance	32,500	2,800
Cenotaph	-	-
Eaton Park - general maintenance	1,300	495
Wages - Public works	17,000	12,763
Wages - summer student	3,400	3,136
Wages - casual	500	46
Old Fire Hall - maintenance	900	9,556
Old Fire Hall - electricity	230	138
Total Environmental Health Services	<u>57,630</u>	<u>30,662</u>

VILLAGE OF PUGWASH
CONSOLIDATED STATEMENT OF EXPENDITURES
YEAR ENDED MARCH 31, 2014

	2014	
	<u>Budget</u>	<u>Actual</u>
Expenses (cont'd)		
Environmental Development Services		
Farmers Market - maintenance	100	-
Farmers Market - electricity	130	76
Municipal water	-	-
Multi-purpose Centre	-	-
Library	-	-
Beautification	-	-
Community Development	13,000	10,937
Tourism	1,800	-
	<u>15,030</u>	<u>11,013</u>
Total Environmental Development Services		
	<u>15,030</u>	<u>11,013</u>
Recreation & Cultural Services		
Wages - Festival Coordinator	6,300	6,300
Wages - Recreation	5,400	1,558
Recreation	16,500	15,536
Tennis/Basketball Courts	200	2,838
Special Events	1,000	18
Train Station - maintenance	2,300	224
Library - electricity	1,300	1,828
Library - oil heat	6,000	5,923
Library - photocopier	261	529
Library - maintenance	700	2,047
Library - telephone	1,000	930
Cap Site wages recovery	-	(5,365)
	<u>40,961</u>	<u>32,366</u>
Total Recreation & Cultural Services		
	<u>40,961</u>	<u>32,366</u>
Total Expense	<u>\$208,314</u>	<u>166,890</u>
Net Income (loss) before transfer to reserves		29,686
Transfer to Reserve funds		<u>(40,000)</u>
Net income (loss)		<u>\$ 10,314</u>

VILLAGE OF PUGWASH~
PUGWASH, NOVA SCOTIA

NON-CONSOLIDATED
FINANCIAL STATEMENTS
MARCH 31, 2014

CONTENTS

Non-Consolidated Financial Statements

Advisory to Reader	1
Statement of Statement of Revenues and Expenditures - Operating Fund	2 - 4
Statement of Financial Position - Operating Fund	5
Statement of Surplus (Deficit) - Operating Fund	6
Statement of Investment in Capital Assets - Capital Fund	7
Statement of Financial Position - Capital Fund	8
Schedule of Capital Assets - Capital Fund	9
Statement of Financial Position - Reserve Funds	10

ADVISORY TO READERS

The Village of Pugwash prepares both consolidated and non-consolidated financial statements.

Non-consolidated financial statements are prepared to show the details of the individual funds managed by the Village. In particular, they provide information as how each of the funds performed compared to the approved Operating Budget of the Village. For all other purposes, readers are advised to refer to the consolidated financial statements.

These non-consolidated financial statements have been audited but are not presented in full accordance with generally accepted accounting principles.

VILLAGE OF PUGWASH
NON-CONSOLIDATED STATEMENT OF REVENUES AND EXPENDITURES
OPERATING FUND
YEAR ENDED MARCH 31, 2014

	2014	
	<u>Budget</u>	<u>Actual</u>
Revenues		
Taxes - Village rate	\$163,764	\$161,500
Grant - Summer Employment	1,800	1,430
Project revenue all sources	4,000	5,000
Library grant	7,300	7,411
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Expenses		
General Government Services		
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Miscellaneous	-	-
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Membership fees	700	-
Professional/contracted services	5,000	-
Village hall - maintenance	2,000	3,510
Reduced property taxes	400	-

VILLAGE OF PUGWASH
NON-CONSOLIDATED STATEMENT OF REVENUES AND EXPENDITURES
OPERATING FUND
YEAR ENDED MARCH 31, 2014

	2014	
	<u>Budget</u>	<u>Actual</u>
Expenses		
General Government Services (cont'd)		
Legal expense	700	1,349
Office supplies and expenses	1,500	1,019
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Contingency	411	-
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Wages - casual	500	46
Old Fire Hall - maintenance	900	9,556
Old Fire Hall - electricity	230	138
Total Environmental Health Services	57,630	30,662

VILLAGE OF PUGWASH
NON-CONSOLIDATED STATEMENT OF REVENUES AND EXPENDITURES
OPERATING FUND
YEAR ENDED MARCH 31, 2014

	2014	
	<u>Budget</u>	<u>Actual</u>
Expenses (cont'd)		
Environmental Development Services		
Farmers Market - maintenance	100	-
Farmers Market - electricity	130	76
Municipal water	-	-
Multi-purpose Centre	-	-
Library	-	-
Beautification	-	-
Community Development	13,000	10,937
Tourism	1,800	-
	<u>15,030</u>	<u>11,013</u>
Total Environmental Development Services		
	<u>15,030</u>	<u>11,013</u>
Recreation & Cultural Services		
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Cap Site wages recovery	-	(5,365)
	<u>40,961</u>	<u>32,366</u>
Total Recreation & Cultural Services		
	<u>40,961</u>	<u>32,366</u>
Total Expense	<u>\$208,314</u>	<u>166,890</u>
Net Income (loss) before transfer to reserves		29,686
Transfer to Reserve funds		<u>(40,000)</u>
Net Income (loss)		<u>\$ 10,314</u>

VILLAGE OF PUGWASH
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OPERATING FUND
MARCH 31, 2014

Financial Assets	<u>2014</u>	<u>2013</u>
Cash	\$ 74,479	\$ 89,246
Accounts receivable		
HST	13,680	6,830
Rentals	-	605
	<u>88,159</u>	<u>96,681</u>
Non-Financial Assets	<u>-</u>	<u>-</u>
	88,159	96,681
 Financial Liabilities		
Payables		
Trade accounts	<u>2,374</u>	<u>582</u>
 Net Financial Assets (Liabilities)	<u>\$ 85,785</u>	<u>\$ 96,099</u>

ON BEHALF OF THE PUGWASH VILLAGE COMMISSION

_____ CHAIRPERSON

_____ TREASURER

VILLAGE OF PUGWASH
NON-CONSOLIDATED STATEMENT OF SURPLUS (DEFICIT)
OPERATING FUND
MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 96,099	\$ 55,373
Net revenue (expenditures)	<u>(10,314)</u>	<u>40,726</u>
Balance, end of year	<u>\$ 85,785</u>	<u>\$ 96,099</u>

VILLAGE OF PUGWASH
NON-CONSOLIDATED STATEMENT OF INVESTMENT IN CAPITAL ASSETS
CAPITAL FUND
FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$1,125,870	\$1,125,870
Additions	-	-
Deduct: Write off of capital assets	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$1,125,870</u>	<u>\$1,125,870</u>

VILLAGE OF PUGWASH
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
CAPITAL FUND
MARCH 31, 2014

Non Financial Assets	<u>2014</u>	<u>2013</u>
Property and equipment, at cost	<u>\$1,125,870</u>	<u>\$1,125,870</u>
Net Assets (Liabilities)	<u>\$1,125,870</u>	<u>\$1,125,870</u>

ON BEHALF OF THE PUGWASH VILLAGE COMMISSION

_____ **CHAIRPERSON**

_____ **TREASURER**

VILLAGE OF PUGWASH
NON-CONSOLIDATED SCHEDULE OF CAPITAL ASSETS
CAPITAL FUND
MARCH 31, 2014

	<u>Buildings</u>	<u>Plant Equipment</u>	<u>Other</u>	<u>2014 Total</u>	<u>2013 Total</u>
General government services	\$ 106,195	\$ 17,173	\$ 2,805	\$ 126,173	\$ 126,173
Protective services					
Fire	72,976	-	13,500	86,476	86,476
Transportation services					
Road transport					
Streets	-	-	247,798	247,798	247,798
Recreational and community services					
CNR Station	54,472	-	-	54,472	54,472
Tennis courts	2,000	-	52,883	54,883	54,883
Interpretive Centre	57,981	53,699	-	111,680	111,680
Boat launch	-	-	693	693	693
Playground equipment	23,448	-	-	23,448	23,448
Other					
Seawall	-	-	29,214	29,214	29,214
Pugwash Waterfront Development	-	-	191,695	191,695	191,695
Pugwash Waterfront Reserve	-	-	199,338	199,338	199,338
	<u>\$ 317,072</u>	<u>\$ 70,872</u>	<u>\$737,926</u>	<u>\$1,125,870</u>	<u>\$1,125,870</u>

VILLAGE OF PUGWASH
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
RESERVE FUNDS
MARCH 31, 2014

<u>Financial Assets</u>	<u>2014</u>	<u>2013</u>
Cash and GIC	<u>\$ 83,204</u>	<u>\$ 42,587</u>
Net Assets (Liabilities)	<u>\$ 83,204</u>	<u>\$ 42,587</u>

VILLAGE OF PUGWASH
NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
RESERVE FUNDS
YEAR ENDED MARCH 31, 2014
(UNAUDITED)

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	<u>\$ 42,587</u>	<u>\$ 42,060</u>
Transfer to general operating	-	-
Transfer from general operating	<u>40,000</u>	-
Interest earned	<u>617</u>	<u>527</u>
Balance, end of year	<u>\$ 83,204</u>	<u>\$ 42,587</u>

ON BEHALF OF THE PUGWASH VILLAGE COMMISSION

_____ CHAIRPERSON

_____ TREASURER