




# Town of Yarmouth

Asset Management  
Financial Lens

ON THE EDGE OF  
EVERYWHERE

# Outline

- A little about the Town of Yarmouth
- Our Best Practice
- What does it mean
- Why did we do it
- What are the benefits
  
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# EVERYWHERE

TOTAL PROVINCIAL POPULATION:

**969,628**

TOWN OF YARMOUTH POPULATION:

**6753**

REGIONAL POPULATION:

**51,586**

ANNUAL VISITORS:

**60000**

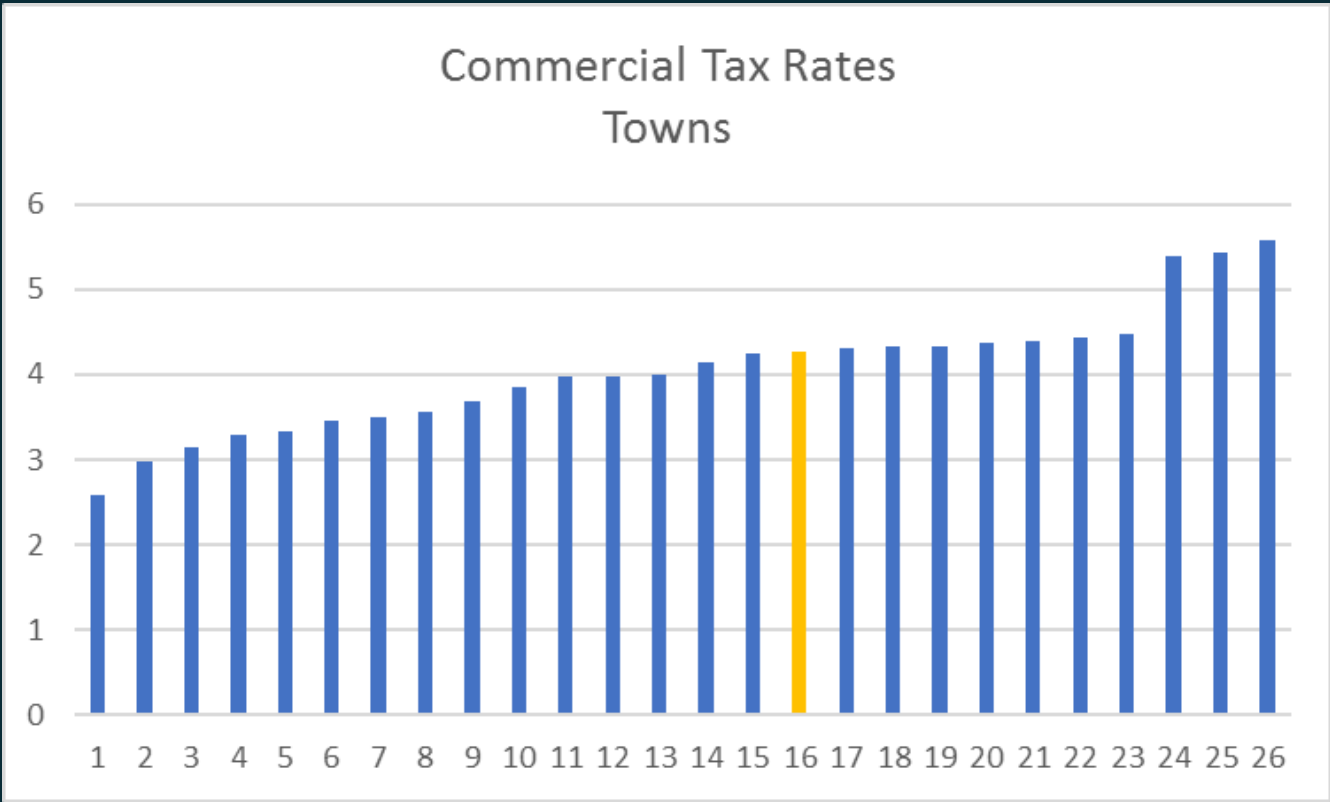


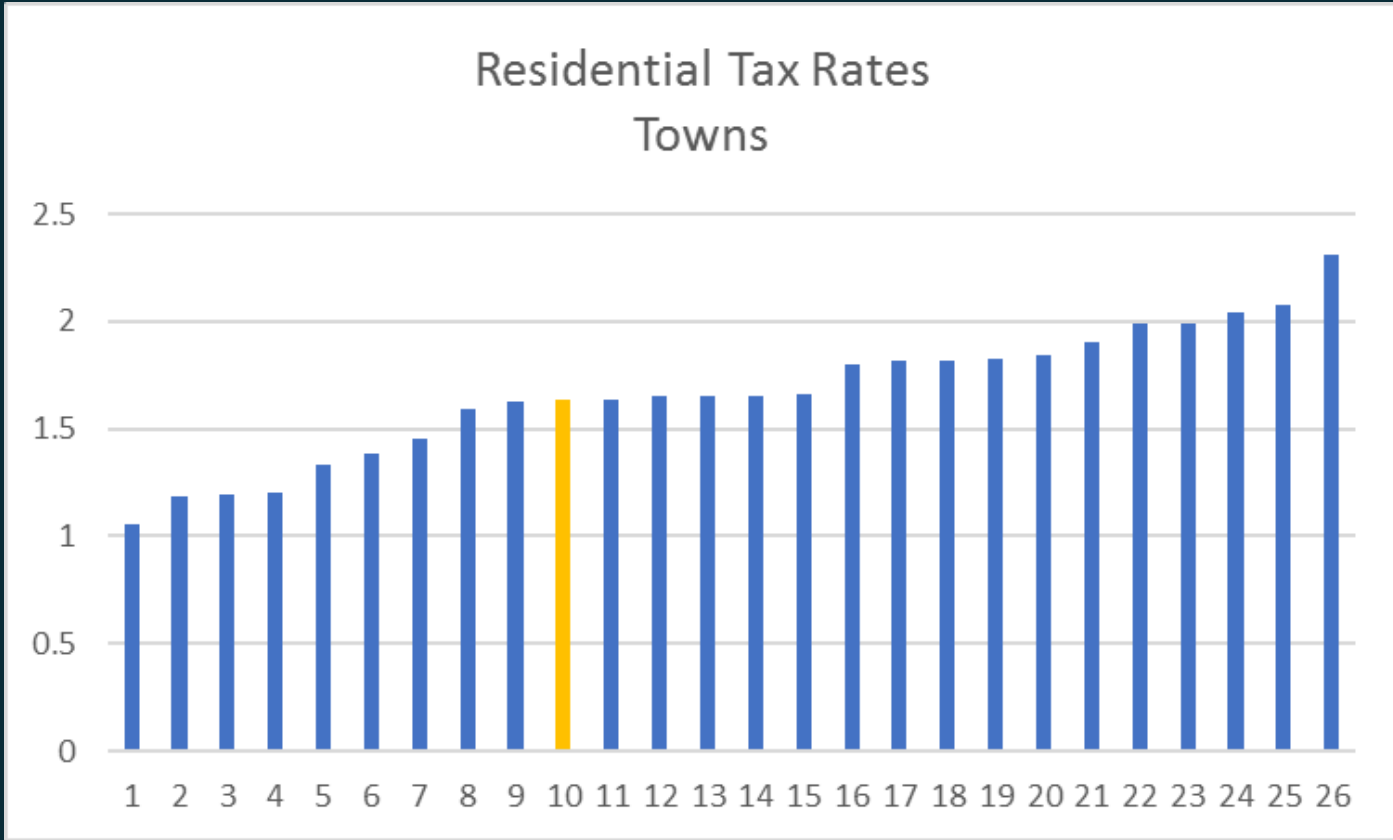
ONE OF CANADA'S MOST  
TEMPERATE CLIMATE

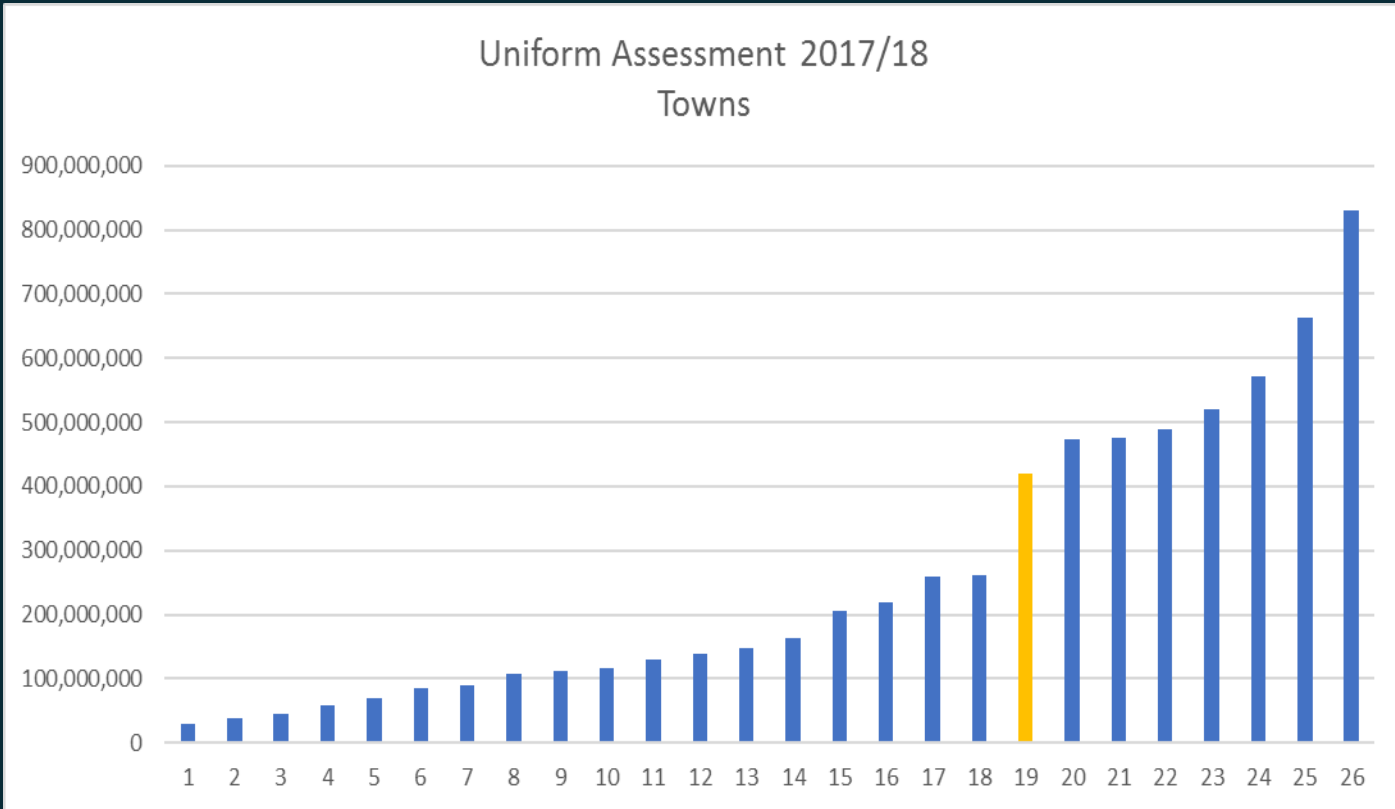


## Among Towns in NS...

- 5<sup>th</sup> largest by population
- 8<sup>th</sup> Highest Uniform Assessment
- 4<sup>th</sup> in Total Financial Assets (Truro, Kentville, Bridgewater)
- 3<sup>rd</sup> in Capital Assets (Truro Bridgewater)
- 13<sup>th</sup> Among Towns in long-term debt







## Our Best Practice

- We fund our depreciation from current revenue.
- You may have just heard me say “*blah blah blah, blah*”



## Our Best Practice

- We fund our **depreciation** from **current revenue**.
- You may have just heard me say “*blah blah blah, blah*”

# Depreciation (Amortization)

## Relates to Tangible Capital Assets

- Infrastructure
- Equipment
- Machinery
- Buildings etc...



- The estimated cost of the useful life used up, on an annual basis

# Depreciation

**How Depreciation Works**

Useful Life of 4 years  
Assume Salvage Value = \$0  
Depreciates \$1,000 each year

Start Year 1  
\$4,000

End Year 1  
\$3,000

End Year 2  
\$2,000

End Year 3  
\$1,000

End Year 4  
\$0

*Assume:  
Straight Line Depreciation*

# Current Revenue

Includes:

- Taxes
- Rates
- Fees

Does NOT include

- Gas Tax
- Infrastructure grants



## Our Best Practice

We fund our **depreciation** from **current revenue**.

We put the equivalent amount into capital

# Why?

Services provided through public infrastructure is WHY we exist

Budget was very tight, no money for capital.

We did some forecasting with MFC Debt affordability model



## Why?

- Increased taxes and allocated to capital
- PSAB 3150 compliance Jan 2009
  - Tangible Capital Assets depreciation shown in statement of operations (expense)
- We weren't sure we were doing enough
- **Full Disclosure:** We thought they meant it.

## What does that mean?

- In 2018 we are investing \$2.16Million in capital, first.
- We allocate that money and reinvest.
- We started late.
- We're funding after the end of life of many assets.





## Questions

Why don't you just fund 33%

- Fully depreciated assets
- Replacement costs will be higher

Nobody else is, so why are we?

- Actually...Water Utilities all do this!

## Benefits

- We own a piece of Canada's \$123 Billion Infrastructure Deficit
- Reducing our share since 2005
- *Less dependent on Fed/Prov funding*

## Benefits

Since 2005...

- \$37.6Million+ infrastructure
- Reduced debt from \$4.8Million to \$2.2 Million
- Our asset management plan will not be a “binder on a shelf”

## Final Thoughts

- It is not easy. Choices required
- The number gets larger every year
- Right thing to do

## Now you know

- A little about the Town of Yarmouth
- Our Best Practice
- What it means
- Why did we do it
- What the benefits are
  
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