

**TOWN OF TRURO**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

# Town of Truro

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***Management's Responsibility for the Consolidated Financial Statements***

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and supplementary schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Audit Committee. Council reviews internal financial statements on a regular basis and external audited consolidated financial statements annually. The Audit Committee also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Town of Truro and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Town of Truro

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Michael W. Dolter, CPA, CMA  
Chief Administration Officer

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Bonnie Coulter, CPA, CA  
Director of Corporate Services

September 9, 2019

# Independent auditor's report

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**Grant Thornton LLP**  
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## To the Mayor and Council of the Town of Truro

### Opinion

We have audited the consolidated financial statements of the Town of Truro ("the Town") on pages 4-27, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Truro as at March 31, 2019, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 28-31 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of consolidated financial statements as a whole.

### Responsibilities of Management and Those Charged with Governance for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Truro, Canada  
September 9, 2019

Chartered Professional Accountants  
Licensed Public Accountants

# Town of Truro

## Consolidated Statement of Financial Position

March 31

2019

2018

### FINANCIAL ASSETS

Cash and cash equivalents (Note 1)	\$ 8,636,814	\$ 4,171,742
Receivables		
Taxes and sewer rates, net of valuation allowance (Note 2)	1,462,646	1,551,963
Water rates (net of allowance - \$50,000; 2018 - \$50,000)	811,290	771,689
Due from federal government	520,066	1,907,117
Due from provincial government	100,000	904,523
Loans and advances (net of allowance - \$211,930; 2018 - \$235,944)	82,500	110,000
Other receivables (net of allowance - \$38,500; 2018 - \$68,245)	1,097,354	1,662,841
Land held for resale (Note 1)	716,616	875,616
	<u>\$ 13,427,286</u>	<u>\$ 11,955,491</u>

### LIABILITIES

Payables and accruals	\$ 2,777,745	\$ 2,999,056
Prepaid taxes	287,521	277,867
Deferred revenue (Note 3)	768,669	413,581
Tax sale surplus (Note 5)	80,288	70,959
Post employment benefits (Note 6)	596,672	503,612
Defined pension obligation (Note 7)	2,630,455	2,175,673
Long term debt (Page 26)	19,893,436	21,573,294
	<u>27,034,786</u>	<u>28,014,042</u>

### NET DEBT

(13,607,500)

(16,058,551)

### NON-FINANCIAL ASSETS

Tangible capital assets (Page 25)	163,963,416	163,549,592
Less accumulated amortization	(64,134,095)	(60,324,314)
Inventory not held for resale (Note 1)	170,154	115,357
Prepaid expenses	319,487	85,315
	<u>100,318,962</u>	<u>103,425,950</u>

### NET NON-FINANCIAL ASSETS

### ACCUMULATED SURPLUS

\$ 86,711,462

\$ 87,367,399

Commitments (Note 9)

Contingencies (Note 13)

Subsequent events (Note 14)

Approved on behalf of the Council of the Town of Truro

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
CAO

See accompanying notes to the consolidated financial statements

# Town of Truro

## Consolidated Statement of Operations

Year Ended March 31

2019

2018

	Page	Budget (Note 12)	Actual	Actual
<b>Revenue</b>				
Assessable property taxes and sewer rates	8	\$ 19,314,896	\$ 19,390,309	\$ 18,884,246
Grants in lieu of taxes	8	792,719	817,301	810,291
Services provided to other governments	9	398,845	401,865	302,504
Sale of services	9	665,048	881,131	849,448
Other revenue from own sources	9	362,000	673,705	714,690
Rath Eastlink Community Centre		1,543,849	1,863,937	1,465,607
Regional Network Enterprise		62,000	106,781	-
Unconditional transfers from government	10	1,357,170	1,363,585	1,360,005
Conditional transfers from government	10	1,936,997	1,819,342	2,344,428
Water revenues	10	3,627,873	3,708,662	3,723,804
<b>Total revenue</b>		<u>30,061,397</u>	<u>31,026,618</u>	<u>30,455,023</u>
<b>Expenses</b>				
General government services	11	3,766,553	4,364,560	4,750,049
Protective services	12	7,938,076	7,965,158	7,497,175
Transportation services	12	6,331,361	6,352,273	5,926,660
Environmental health services	13	2,364,455	2,565,599	2,629,798
Public health services	13	90,053	81,678	103,031
Environmental development services	13	1,040,065	1,048,381	1,041,589
Recreation and cultural services	14	4,187,309	4,146,007	4,088,974
Rath Eastlink Community Centre		2,097,929	2,264,634	1,934,429
Regional Network Enterprise		122,450	96,875	-
Water expenses	14	2,897,930	2,797,390	2,789,876
<b>Total expenses</b>		<u>30,836,181</u>	<u>31,682,555</u>	<u>30,761,581</u>
<b>Net deficit</b>		<u>\$ (774,784)</u>	<u>(655,937)</u>	<u>(306,558)</u>
<b>Accumulated surplus, beginning of year</b>			<b>87,367,399</b>	<b>87,673,957</b>
<b>Accumulated surplus, end of year</b>			<u>\$ 86,711,462</u>	<u>\$ 87,367,399</u>

See accompanying notes to the consolidated financial statements

# Town of Truro

## Consolidated Statement of Cash Flows

Year Ended March 31

2019

2018

### Increase (decrease) in cash and cash equivalents

#### Operating activities

Net deficit	\$ (655,937)	\$ (306,558)
Amortization	4,643,839	4,783,953
Loss on disposal of tangible capital assets, net	184,504	54,360
Loss (gain) on sale of land held for resale	93,400	(55,640)
	<u>4,265,806</u>	<u>4,476,115</u>

Taxes and sewer rate receivable	89,317	346,122
Water rates receivable	(39,601)	144,393
Accounts receivable	2,784,561	(855,671)
Payables, accruals and other liabilities	700,602	1,162,852
Inventory not held for resale	(54,797)	104,997
Prepaid expenses	(234,172)	22,192
	<u>7,511,716</u>	<u>5,401,000</u>

#### Capital activities

Acquisition of tangible capital assets	(1,758,525)	(3,299,548)
Proceeds on sale of tangible capital assets	326,139	58,148
Proceeds on sale of land held for resale	65,600	68,795
	<u>(1,366,786)</u>	<u>(3,172,605)</u>

#### Financing activities

Issuance of long term debt	1,165,000	550,000
Debt principal repayment	(2,844,858)	(2,329,100)
	<u>(1,679,858)</u>	<u>(1,779,100)</u>

### Net change in cash and cash equivalents

4,465,072 449,295

#### Cash and cash equivalents

Beginning of year	<u>4,171,742</u>	<u>3,722,447</u>
End of year	<u>\$ 8,636,814</u>	<u>\$ 4,171,742</u>

See accompanying notes to the consolidated financial statements



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**Town of Truro****Consolidated Statement of Changes in Net Debt**

Year Ended March 31

**2019**2018

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Net deficit</b>	\$ (774,784)	\$ (655,937)	\$ (306,558)
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	(4,006,836)	<b>(1,758,525)</b>	(3,299,548)
Amortization of tangible capital assets	4,625,200	<b>4,643,839</b>	4,783,953
Proceeds on sale of tangible capital assets	-	<b>326,139</b>	58,148
Loss on disposal of tangible capital assets, net	-	<b>184,504</b>	54,360
	<u>618,364</u>	<u><b>3,395,957</b></u>	<u>1,596,913</u>
<b>Changes in other non-financial assets</b>			
Inventory not held for resale	-	<b>(54,797)</b>	104,997
Prepaid expenses	-	<b>(234,172)</b>	22,192
	<u>-</u>	<u><b>(288,969)</b></u>	<u>127,189</u>
<b>Change in net debt</b>	<u>\$ (156,420)</u>	<b>2,451,051</b>	1,417,544
<b>Net debt, beginning of year</b>		<b>(16,058,551)</b>	(17,476,095)
<b>Net debt, end of year</b>		<u><b>\$ (13,607,500)</b></u>	<u>\$ (16,058,551)</u>

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See accompanying notes to the consolidated financial statements

# Town of Truro

## Schedules to Consolidated Statement of Operations

Year Ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Assessable property taxes and sewer rates</b>			
Residential	\$ 11,247,282	\$ 11,229,852	\$ 11,123,179
Commercial	9,126,538	9,069,021	9,193,705
Resource	19,069	18,273	18,800
Recreation	5,990	5,704	5,432
Forest property (less than 50,000 acres)	272	250	272
Forest property (50,000 acres or more)	194	194	194
Road Preservation Tax - Residential	260,680	260,847	-
Road Preservation Tax - Commercial	82,000	81,901	-
	<u>20,742,025</u>	<u>20,666,042</u>	<u>20,341,582</u>
<b>Business property</b>			
Based on revenue - Bell Aliant	68,000	76,890	69,255
Nova Scotia Power Inc - Grant in lieu of taxes	17,000	17,550	17,666
Nova Scotia Power Inc - HST rebate	50,000	105,507	68,560
	<u>135,000</u>	<u>199,947</u>	<u>155,481</u>
<b>Other</b>			
Sewer rates	935,000	871,760	751,450
Deed transfer tax	325,000	460,336	431,849
<b>Total tax levied</b>	<u>22,137,025</u>	<u>22,198,085</u>	<u>21,680,362</u>
<b>Expenditures as a reduction of tax revenue</b>			
Appropriations to regional school board	(2,557,129)	(2,557,129)	(2,530,333)
Transfer to correctional services	(175,000)	(168,408)	(170,009)
Deficit of regional housing authority	(90,000)	(82,239)	(95,774)
	<u>(2,822,129)</u>	<u>(2,807,776)</u>	<u>(2,796,116)</u>
	<u>\$ 19,314,896</u>	<u>\$ 19,390,309</u>	<u>\$ 18,884,246</u>

### Grants in lieu of taxes

Federal government	\$ 700,690	\$ 704,675	\$ 701,028
Provincial government			
Fire protection	42,111	59,808	59,341
Provincial property	49,918	52,818	49,922
	<u>\$ 792,719</u>	<u>\$ 817,301</u>	<u>\$ 810,291</u>

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**Town of Truro****Schedules to Consolidated Statement of Operations**

Year Ended March 31

**2019**2018

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Services provided to other governments</b>			
Other local governments			
County of Colchester	\$ 89,300	\$ 91,943	\$ 75,452
Millbrook First Nations	294,645	294,645	211,874
Town of Stewiacke	14,900	15,277	15,178
	<u>\$ 398,845</u>	<u>\$ 401,865</u>	<u>\$ 302,504</u>

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**Sale of services**

General government services	155,518	172,471	160,986
Protective services	82,530	120,274	133,415
Transportation services	6,000	8,981	9,189
Environmental development services	9,600	14,475	13,381
Recreation and cultural services			
Stadium	252,500	324,671	344,221
Douglas Street Community Centre	70,000	86,266	71,706
Victoria Park	75,000	102,776	99,220
Day camp	2,400	3,002	2,514
Other	11,500	48,215	14,816
	<u>\$ 665,048</u>	<u>\$ 881,131</u>	<u>\$ 849,448</u>

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**Other revenue from own sources**

Licenses and permits	\$ 4,000	\$ 8,011	\$ 6,294
Fines	120,000	188,053	126,140
Rentals	-	1,368	2,727
Return on investments	-	110,531	68,045
Penalties and interest on taxes	236,000	219,765	259,266
Contributions for capital	-	107,619	151,653
Gain on disposition of assets	-	5,731	11,173
Gain on sale of land held for resale	-	-	55,640
Miscellaneous	2,000	32,627	33,752
Revenue collected for other government agencies	260,000	258,173	264,058
Transmission of revenue collected	(260,000)	(258,173)	(264,058)
	<u>\$ 362,000</u>	<u>\$ 673,705</u>	<u>\$ 714,690</u>

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**Town of Truro****Schedules to Consolidated Statement of Operations**

Year Ended March 31

**2019****2018**

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Unconditional transfers from other governments</b>			
Provincial government			
Equalization grant	\$ 1,346,600	\$ 1,346,638	\$ 1,346,640
Farm property acreage	1,070	1,087	1,070
Other provincial			
911 cost recovery	4,500	4,539	4,544
Dairy stewardship program	5,000	11,321	7,751
	<u>\$ 1,357,170</u>	<u>\$ 1,363,585</u>	<u>\$ 1,360,005</u>

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**Conditional transfers from governments**

Federal government			
Aboriginal Affairs	\$ 500,000	\$ 527,305	\$ 507,212
Federal gas tax program	900,000	674,551	762,135
Grants for tangible capital assets	-	-	185,942
Student wage grants	-	-	5,818
Recreational grants	-	1,381	10,200
Provincial government			
Safe communities	400,000	400,000	400,000
Criminal intelligence service	111,997	120,076	109,901
Grants for tangible capital assets	-	-	325,000
Active communities	25,000	25,500	38,220
Senior safety and other grants	-	31,178	-
Emergency services equipment - fire	-	20,000	-
Accessibility Grant	-	19,351	-
	<u>\$ 1,936,997</u>	<u>\$ 1,819,342</u>	<u>\$ 2,344,428</u>

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**Water revenues**

Metered sales	\$ 3,350,000	\$ 3,385,794	\$ 3,389,018
Flat rate sales	23,000	22,943	23,273
Public fire protection	155,873	155,873	155,873
Private fire protection	38,000	39,101	40,067
Sprinkler service	41,000	40,850	41,685
Miscellaneous	20,000	42,599	52,683
Gain on disposition of assets	-	-	4,841
Return on investments	-	21,502	16,364
	<u>\$ 3,627,873</u>	<u>\$ 3,708,662</u>	<u>\$ 3,723,804</u>

# Town of Truro

## Schedules to Consolidated Statement of Operations

Year Ended March 31

2019

2018

	Budget	Actual	Actual
<b>General government services</b>			
Legislative			
Mayor remuneration	\$ 44,329	\$ 46,282	\$ 42,959
Mayor expenses	8,000	4,404	5,398
Council remuneration	148,066	153,282	144,374
Council expenses	56,500	36,104	43,551
	<u>256,895</u>	<u>240,072</u>	<u>236,282</u>
General administration			
Administrative	772,126	847,892	746,232
Information technology	448,310	388,639	391,097
Financial management	823,920	847,416	906,562
Taxation			
Tax rebates	201,000	183,534	195,875
Other taxation - tax sharing agreement	-	-	64,597
Transfer for assessment services	154,140	154,140	154,132
Loss on disposal of assets	-	18,753	-
Post employment sick leave benefits	-	93,060	81,072
Post employment pension benefits	-	454,782	832,986
Common services	219,005	225,694	178,754
	<u>2,618,501</u>	<u>3,213,910</u>	<u>3,551,307</u>
Debt charges			
General operations interest & charges	7,600	4,859	8,090
Interest on long term debt - debenture	55,057	41,369	59,910
Debt financing fees	7,000	6,990	3,353
	<u>69,657</u>	<u>53,218</u>	<u>71,353</u>
Valuation allowance			
Uncollectible taxes	10,000	57,171	37,020
Other doubtful accounts	2,000	416	20,614
	<u>12,000</u>	<u>57,587</u>	<u>57,634</u>
Other general government services			
Grants to organizations	201,500	186,836	213,476
Other	8,000	6,488	6,308
	<u>209,500</u>	<u>193,324</u>	<u>219,784</u>
	3,166,553	3,758,111	4,136,360
Amortization	600,000	606,449	613,689
	<u>\$ 3,766,553</u>	<u>\$ 4,364,560</u>	<u>\$ 4,750,049</u>

# Town of Truro

## Schedules to Consolidated Statement of Operations

Year Ended March 31

2019

2018

	Budget	Actual	Actual
<b>Protective services</b>			
Police protection			
Police services operations	\$ 5,368,687	\$ 5,237,737	\$ 4,998,557
Dispatch services	405,560	426,329	404,747
	<u>5,774,247</u>	<u>5,664,066</u>	<u>5,403,304</u>
Fire protection	1,750,934	1,879,228	1,674,262
Emergency measures	66,470	67,423	61,572
Debt charges			
Interest on long term debt - debenture	22,425	21,898	27,800
Other protective services			
Animal control	24,000	24,000	24,172
	<u>7,638,076</u>	<u>7,656,615</u>	<u>7,191,110</u>
Amortization	300,000	308,543	306,065
	<u>\$ 7,938,076</u>	<u>\$ 7,965,158</u>	<u>\$ 7,497,175</u>

<b>Transportation services</b>			
Common services	\$ 1,237,024	\$ 1,274,029	\$ 1,082,122
Road transport			
Streets and sidewalks	1,847,392	1,796,874	1,815,376
Snow and ice removal	790,000	731,467	526,361
Street lighting	205,000	203,703	208,205
Traffic services	167,800	124,998	169,276
Loss or writedown on disposal of tangible capital assets	-	170,607	70,374
Other	72,000	43,112	52,631
	<u>3,082,192</u>	<u>3,070,761</u>	<u>2,842,223</u>
Debt charges			
Interest on long term debt - debenture	62,145	45,334	50,544
	<u>4,381,361</u>	<u>4,390,124</u>	<u>3,974,889</u>
Amortization	1,950,000	1,962,149	1,951,771
	<u>\$ 6,331,361</u>	<u>\$ 6,352,273</u>	<u>\$ 5,926,660</u>

**Town of Truro**  
**Schedules to Consolidated Statement of Operations**

Year Ended March 31

2019

2018

	Budget	Actual	Actual
<b>Environmental health services</b>			
Sewage collection and disposal			
Sewage collection systems	\$ 379,150	\$ 456,195	\$ 406,928
Sewage treatment and disposal	840,000	976,298	1,086,111
Share of County of Colchester sewage treatment debt charges	330,305	318,820	334,561
	<u>1,549,455</u>	<u>1,751,313</u>	<u>1,827,600</u>
Garbage and waste collection and disposal			
Garbage, waste collection and disposal	420,000	416,393	415,849
Recycling	50,000	45,371	44,562
Composting	45,000	44,825	33,512
	<u>515,000</u>	<u>506,589</u>	<u>493,923</u>
	2,064,455	2,257,902	2,321,523
Amortization	300,000	307,697	308,275
	<u>\$ 2,364,455</u>	<u>\$ 2,565,599</u>	<u>\$ 2,629,798</u>

<b>Public health services</b>			
Interest on long term debt	\$ 90,053	\$ 81,678	\$ 103,031

<b>Environmental development services</b>			
Planning and development			
Planning administration	\$ 714,509	\$ 705,697	\$ 624,360
Business development	79,350	79,455	146,646
Building inspection	7,000	3,940	10,683
	<u>800,859</u>	<u>789,092</u>	<u>781,689</u>
Community development			
Transfer to Regional Economic Network	-	-	20,150
Other	4,500	14,288	16,141
Loss on disposal of land inventory	-	93,400	-
Natural resources (tree) development	186,956	113,855	159,131
Tourism	42,550	32,549	59,281
	<u>1,034,865</u>	<u>1,043,184</u>	<u>1,036,392</u>
Amortization	5,200	5,197	5,197
	<u>\$ 1,040,065</u>	<u>\$ 1,048,381</u>	<u>\$ 1,041,589</u>

# Town of Truro

## Schedules to Consolidated Statement of Operations

Year Ended March 31

2019

2018

	Budget	Actual	Actual
<b>Recreation and cultural services</b>			
Recreation facilities			
Administration	\$ 456,748	\$ 434,039	\$ 498,437
Victoria Park pool	116,000	109,207	95,682
Skating rinks and multi-purpose centres			
Stadium	522,729	674,507	620,670
Douglas Street Community Centre	172,676	182,833	205,631
Other facilities	40,000	1,636	6,911
Victoria Park	335,899	310,106	289,993
Civic Square	116,750	53,797	86,634
Sports fields, green spaces and other parks	550,948	532,801	447,859
Other			
Downtown maintenance	50,000	47,846	45,436
Litter control	25,540	17,187	13,157
Recreation programs	77,600	79,430	64,682
Writedown of assets	-	203	-
Other recreation services	36,000	29,311	33,103
	<u>2,500,890</u>	<u>2,472,903</u>	<u>2,408,195</u>
Cultural buildings and facilities			
Library - local branch	170,000	168,654	138,967
Transfer to regional library	85,000	81,713	81,713
	<u>255,000</u>	<u>250,367</u>	<u>220,680</u>
Debt charges			
Interest on long term debt	476,419	468,440	488,793
	<u>3,232,309</u>	<u>3,191,710</u>	<u>3,117,668</u>
Amortization	955,000	954,297	971,306
	<u>\$ 4,187,309</u>	<u>\$ 4,146,007</u>	<u>\$ 4,088,974</u>

### Water expenses

Source of supply	20,000	6,560	\$ 6,523
Power and pumping	155,500	163,625	143,085
Water treatment	1,208,586	1,196,993	1,124,514
Transmission and distribution	889,500	824,774	786,501
Administration and general	55,200	52,811	44,955
Write down of assets	-	673	-
Interest on long term debt	54,144	52,447	56,648
	<u>2,382,930</u>	<u>2,297,883</u>	<u>2,162,226</u>
Amortization	515,000	499,507	627,650
	<u>\$ 2,897,930</u>	<u>\$ 2,797,390</u>	<u>\$ 2,789,876</u>



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# Town of Truro

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1 Summary of significant accounting policies

The consolidated financial statements of the Town of Truro (the "Town") are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of Chartered Professional Accountants (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, expenses 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. In addition to general government tax-supported operations, the water utility operations and the Truro Industrial Development Society, they include the following:

Central Nova Scotia Civic Centre Society (Operating as the "Rath Eastlink Community Centre") - proportionately consolidated

Truro/Colchester Regional Enterprise Network (REN) - proportionately consolidated

A government partnership exists where the Town has shared control over the entity. The Town's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the consolidated financial statements using the proportionate consolidation method. The Town's proportionate interest of the Civic Centre is 50%, which has been reflected in the consolidated financial statements. The Town's proportionate interest of the REN is 31%, which has been reflected in the consolidated financial statements.

Interdepartmental and organizational transactions and balances are eliminated.

#### b) Basis of accounting

The basis of accounting followed in the consolidated financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period in which the goods and services are acquired and a liability is incurred or transfers are due.

#### c) Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds for the general operations, the water utility, Truro Industrial Development Society and the proportionate share of the Central Nova Scotia Civic Centre Society, and the Truro/Colchester Regional Enterprise Network.

#### d) Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards 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 expenses during the reporting period. Estimates in the consolidated financial statements include the allowance for doubtful accounts, amortization expense based on estimated useful lives of tangible capital assets, accrued pension benefit and sick leave liability. Actual results could differ from those estimates.

#### e) Revenue recognition

Tax revenues are property tax billings which are prepared by the Town based on assessment rolls. Tax rates are established annually by Town Council. Taxes are billed based on the assessment rolls provided by the Property Services Valuation Corporation a non-for-profit organization responsible for assessment under the Nova Scotia Assessment Act. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined.

Revenues from services to other governments, sale of services, water fire protection and other revenues are recognized when services are performed and/or when earned as long as amounts can be reasonably estimated and collection is reasonably assured.

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# Town of Truro

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1 Summary of significant accounting policies (continued)

#### e) Revenue recognition (continued)

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

#### f) Government transfers

Government transfers received are recognized in the consolidated financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

#### g) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the deficit, provides the consolidated change in net debt for the year.

#### h) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	5 - 25 years
Buildings	10 - 75 years
Engineered structures	20 - 75 years
Machinery and equipment	5 - 75 years
Vehicles	2 - 5 years

Amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

When conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-downs of tangible capital assets are accounted for as expenses in the statement of operations and such write-downs are not reversed.

#### i) Land held for resale

Costs incurred which are directly attributable to the development of land in the industrial park are capitalized as part of the land cost. Costs incurred which are directly attributable to the construction of streets, sewers and water mains will be transferred to property and equipment when deeded to the Town.

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# Town of Truro

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1 Summary of significant accounting policies (continued)

#### j) Inventory not held for resale

Inventories of materials and supplies held for consumption are valued at the lower of cost and net realizable value, with cost determined by the average cost method.

#### k) Segmented information

The Town of Truro is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Town's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual, and was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

##### General government services

This department is responsible for the overall financial and local government administration. Its tasks include tax administration, trade payables and receivables, budgets, financial statements and adherence to the *Municipal Government Act*.

##### Protective services

The Town is primarily responsible for fire protection and public safety for its residents. The Town pays the operating and capital expenditures for the police and fire departments. Other protective services include fees paid to the province for correctional services.

##### Transportation services

The Town is responsible for the maintenance and construction of local roads and sidewalks including snow removal.

##### Environmental health services

This department is responsible for the maintenance and operations of waste and sewer services provided to the residents and other customers.

##### Public health services

This department provides financial assistance in the areas of public housing and health services.

##### Environmental development services

The Town is responsible for the issuance of development permits and approval of development applications. This department also includes municipal contributions to the regional economic development authorities.

##### Recreation and cultural services

This department is responsible for promoting and offering recreation services to the Town's residents, specializing in maintaining and assisting recreational facilities within the Town such as parks, swimming pools, trails and libraries.

##### Water

This department manages water treatment and distribution facilities and services within the Town and includes activities such as source of supply, power and pumping, water treatment, transmission and distribution.

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# Town of Truro

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1 Summary of significant accounting policies (continued)

#### l) Cash and cash equivalents

Cash and cash equivalents includes unrestricted cash of \$3,414,330 (2018 - \$1,474,807) and internally designated cash of \$5,222,484 (2018 - \$2,696,935). These totals include cash on hand and balances with banks.

#### m) Trust funds

The trust funds being administered by the Town are not consolidated with the accounts of the Town. The trust fund balance as at March 31, 2019 is \$376,479

#### n) Budget figures

The budget figures contained in these consolidated financial statements were approved by Council on April 9, 2018 in its original fiscal plan; they also include budgets prepared and approved by controlled entities and are adjusted for amortization in accordance with Public Sector requirements. Note 12 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

#### o) Contribution to provincial government departments and agencies

The Town is required to contribute to the operations of various provincial government departments and boards, along with other municipal units in the province, based on formulas defined in legislation.

#### p) Deferred revenue

Deferred revenue relates to the Central Nova Scotia Civic Centre Society and gas tax revenue. The Central Nova Scotia Civic Centre Society deferred revenue balance consists of grants, major events, membership and sponsorships which will be recognized in the period in which the revenue has been earned. Gas tax deferred revenue will be recognized in the period in which stipulations and eligibility criteria have been met. See Note 3.

#### q) Contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites would be recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Municipality of the Town of Truro:
  - is directly responsible; or
  - accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

As at March 31, 2019 there are no known contaminated sites identified.

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**Town of Truro**  
**Notes to the Consolidated Financial Statements**

March 31, 2019

**2 Taxes and sewer rates receivable**

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,658,983	\$ 1,968,085
Current period tax and interest	<u>22,417,850</u>	<u>21,939,628</u>
	<b>24,076,833</b>	23,907,713
Collections	<u>(22,544,187)</u>	<u>(22,248,730)</u>
Balance, end of year	<u>1,532,646</u>	1,658,983
Valuation allowance	<u>(70,000)</u>	<u>(107,020)</u>
Balance, net of valuation allowance end of year	<u><u>\$ 1,462,646</u></u>	<u><u>\$ 1,551,963</u></u>

**3 Deferred revenue**

	<u>Gas tax</u>	<u>Other</u>	<u>Total</u>
Balance, beginning of year	\$ 249,235	\$ 164,346	\$ 413,581
Contributions	999,866	29,773	1,029,639
Amounts recognized as revenue	<u>(674,551)</u>	<u>-</u>	<u>(674,551)</u>
Balance, end of year	<u><u>\$ 574,550</u></u>	<u><u>\$ 194,119</u></u>	<u><u>\$ 768,669</u></u>

**4 Long term debt**

Principal repayments required during the next five fiscal years are as follows:

	<u>General Operating</u>	<u>General Capital</u>	<u>Water Capital</u>	<u>Total</u>
2020	805,000	2,628,388	1,029,560	<b>4,462,948</b>
2021	805,000	1,471,950	110,000	<b>2,386,950</b>
2022	200,000	1,771,650	-	<b>1,971,650</b>
2023	200,000	3,890,450	-	<b>4,090,450</b>
2024	90,000	2,106,850	-	<b>2,196,850</b>

All long-term debt outstanding has been properly authorized by the Department of Municipal Affairs.

**5 Tax sale surplus**

The Town is required to hold these funds in the Operating Fund statement of financial position for 20 years. After the expiry date, the cash will then be transferred to the Capital Reserve Fund. Of the total amount, the following can be transferred:

2022	\$4,900
2026	\$22,180
2027	\$6,185
2030	\$36,128
2033	\$1,566
2039	\$9,329

**Town of Truro**  
**Notes to the Consolidated Financial Statements**  
 March 31, 2019

**6 Post employment benefits**

Section 3255 of the CPA Canada Public Sector Accounting Handbook requires that a liability and expense be recorded for compensated absences that are both accumulating and non-vesting and vesting and accumulating. The valuation was completed as at March 31, 2019.

**Actuarial Method:**

The actuarial cost method used was the "Projected Unit Credit" method (also known as the "Projected Accrued Benefit" method) pro - rated on service.

**Components of benefit expense under PS3250:**

	<u>2019</u>	<u>2018</u>
Current period benefit expense	\$ 235,347	\$ 226,775
Interest expense	<u>52,392</u>	<u>39,932</u>
Total sick leave expense	<u>\$ 287,739</u>	<u>\$ 266,707</u>

**Accrued benefit liability/ (asset) on the consolidated statement of financial position:**

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 503,612	\$ 422,540
Benefit expense	<u>235,347</u>	226,775
Interest expense	<u>52,392</u>	39,932
Employer contributions	<u>(194,679)</u>	<u>(185,635)</u>
Balance, end of year	<u>\$ 596,672</u>	<u>\$ 503,612</u>

**Assumptions:**

Discount rate:	2.87% per annum	(2018-3.00% per annum)
Salary increases:	3.0% per annum	(2018-3.00% per annum)
Termination rate:	Ontario Light Termination rate	
Retirement age:	Maximum age 65	
Excess sick leave utilization	5 days each year	

**Plan Provisions:**

The main provisions of the program are as follows

- Eligible employees are granted 1.5 sick leave days per month (i.e., 18 days per year), up to a maximum of 130 days.
- Employees who retire between the ages of 55 and 65 with at least 25 years of service are entitled to receive a pay out of their accumulated sick days based on their rate of pay at the time of their retirement.
- Employees who retire between the ages of 55 and 65 with between 20 and 25 years of service are entitled to receive a pay out of their accumulated sick days based on their prorated rate of pay at the time of their retirement.
- No other benefits in respect to accumulated sick leave are payable upon retirement, terminations or death.

# Town of Truro

## Notes to the Consolidated Financial Statements

March 31, 2019

### 7 Defined pension obligation

#### Pension plan for the employees of the Town

The Town maintains a contributory defined benefit pension plan which covers substantially all of its employees (excluding Police Locals 101 and 211). The plan provides pensions based on length of service and annual earnings.

An actuarial valuation of the plan was completed for December 31, 2017. The note below has been based on the actuarial assumptions and valuation as at December 31, 2017 and has been updated by extrapolation to March 31, 2019.

	<u>2019</u>	<u>2018</u>
<b>Plan assets, at market value, April 1</b>	<b>\$ 27,254,476</b>	\$ 26,236,555
Return on the plan	1,579,198	1,510,448
Contributions – Employer required	832,745	512,773
Contributions – Employee	495,855	474,585
Outstanding contributions at end of year	80,464	77,066
Benefit payments	(908,916)	(923,139)
(Loss)/gain on assets	<u>240,729</u>	<u>(556,746)</u>
<b>Plan assets, at market value, March 31</b>	<b>\$ 29,574,551</b>	\$ 27,331,542
<b>Accrued benefit obligation, April 1</b>	<b>\$ 33,931,945</b>	\$ 34,891,085
Current service cost	1,537,646	1,788,711
Benefit payments	(908,916)	(923,139)
Transfer in contributions	283,835	
Interest on accrued benefit obligation	1,203,588	1,059,717
Gain/(loss) on obligations	<u>962,060</u>	<u>(2,884,429)</u>
<b>Accrued benefit obligation, March 31</b>	<b>\$ 37,010,158</b>	\$ 33,931,945
Net pension fund liability (asset) is comprised of:		
	<u>2019</u>	<u>2018</u>
<b>Accrued benefit obligation</b>	<b>\$ 37,010,158</b>	\$ 33,931,945
Less: Plan assets	29,574,551	27,331,542
Less: Unamortized (gain) loss	<u>4,805,152</u>	<u>4,424,730</u>
<b>Net pension fund liability</b>	<b>\$ 2,630,455</b>	\$ 2,175,673
<b>Components of Benefit Expense</b>		
Current period cost	\$ 1,537,646	\$ 1,788,711
Employee contributions for the year	<u>(495,855)</u>	<u>(474,585)</u>
<b>Benefit Expense</b>	<b>\$ 1,041,791</b>	\$ 1,314,126

Significant management assumptions in the actuarial valuation for the Town's defined benefit pension

	<u>2019</u>
Discount rate	3.25% (2018-3.50%)
Expected rate of return on plan assets	5.75% (2018-5.75%)
Inflation rate	2% (2018-2.00%)
Salary growth rate	3% (2018-3.00%)
Mortality	2014 Canadian Pensioners' Mortality Table for public employees (CPM 2014 Public)
Retirement age	For members with URD (see below) before 60: 25% retire at URD, 50% retire at age 60 and 25% retire at age 65. For members with URD on or after 60: 50% retire at URD and 50% at 65
Percent of members with spouse at retirement	80%

URD – Earliest unreduced retirement date is the date on which the member has attained age plus continuous service totalling 93.

# Town of Truro

## Notes to the Consolidated Financial Statements

March 31, 2019

### 7 Defined pension obligation (continued)

#### Police Association of Nova Scotia Pension Plan

The Town also contributes to a defined benefit plan administered by the Police Association of Nova Scotia which covers Police Locals 201 and 211 who are employees of the Town. These plan assets are administered by PANS and the Town is responsible for contributing its portion of any going concern deficiency. The most recent actuarial valuation for this plan was completed for December 31, 2016 and indicated this plan is fully funded on a going concern basis with assets exceeding the actuarial liabilities by \$9,004,700.

On a solvency basis the actuarial liabilities exceed the value of assets by \$3,812,400. Under changes to the Regulations of the Nova Scotia Pension Benefits Act in 2012, effective January 1, 2013 the Town is exempted from funding on a solvency basis.

### 8 Contributions to Boards and Commissions

The Town is required to finance the operations of various boards and commissions along with other municipal units in Colchester County to the extent of its participation based on assessment or population.

In addition to any budgeted contributions, the municipal units share in the deficits or surpluses of these boards based on their sharing percentages. A municipal unit's share of the deficit is to be paid in the next fiscal year while a surplus is to be taken into the next year's estimates.

#### Contribution to Regional Library Board – 17.83% interest

During the year, the Town paid \$81,713 (2018 – \$81,713) to the Regional Library Board for costs of operations of the Truro branch of the Regional Library.

#### Contribution to Truro Housing Authority – 12.5% interest

During the year, the Town paid \$82,239 (2018 - \$95,774) to the Truro Housing Authority to fund its share of the prior year's deficit.

### 9 Commitments

The Town cost shares equally with the Municipality of the County of Colchester on any operational losses of the Rath Eastlink Community Centre. The Town's share of revenues and expenditures are disclosed as separate line items in the consolidated financial statements.

The Town of Truro has agreed to share in the cost of various projects with the County of Colchester and the Town of Stewiacke.

<u>Project</u>	<u>Town share</u>	<u>Town's share of capital cost</u>	<u>Town's commitment as at March 31, 2019</u>
a) Wastewater Treatment (Upgrades 2014)	100%	\$ 3,232,588	\$ 2,586,072
b) Wastewater Treatment (Upgrades 2016)	50%	953,568	858,212
		<u>\$ 4,186,156</u>	<u>\$ 3,444,284</u>

Payments made during the year toward these commitments are disclosed as separate line items in the consolidated financial statements under Environmental Health Services. The balance of payments for committed amounts above are:

For the years ending March 31:	2020	209,307
	2021	209,307
	2022	209,307
	2023	209,307
	2024	209,307
	2025-2032	2,397,749



# Town of Truro

## Notes to the Consolidated Financial Statements

March 31, 2019

### 10 Financial instruments

The Town's financial instruments consist of cash, receivables, payables and accruals deferred revenue, long-term debt and other liabilities.

It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these consolidated financial statements.

The Town is subject to credit risk with respect to its various receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Liquidity risk is the risk that the Town will encounter problems in raising funds to meet its commitments at maturity. The Town is exposed to liquidity risk through its payables and accruals, other liabilities, post-employment benefits and long-term debt. Management believes the Town has ample working capital to meet its short-term obligations and therefore the exposure to liquidity risk is low.

### 11 Remuneration

Total remuneration and expenses paid to elected and senior appointed officials of the Town are as follows:

			<u>Remuneration</u>		<u>Expenses</u>
W.R. Mills	Mayor	\$	46,187	\$	6,532
T. Chisholm	Councillor/Deputy Mayor	\$	28,411	\$	4,909
C. Fritz	Councillor	\$	25,231	\$	1,992
C. Hinton	Councillor	\$	24,469	\$	2,777
D. Joseph	Councillor	\$	25,231	\$	3,150
B. Kinsman	Councillor	\$	24,469	\$	9,106
W. Talbot	Councillor	\$	25,231	\$	4,304
M. Dolter	Chief Administrative Officer	\$	149,816	\$	13,856

### 12 Budget figures

The Town budgets for rate setting purposes. These budgeted amounts do not include amortization and include interfund transfers. The following adjustments to the annual surplus reconcile the operating budgets to the financial reporting presentation under Canadian Public Sector Accounting Standards ("PSAB").

	<u>2019</u>
Approved budgeted surplus (deficit) for the year	
General operations	\$ 205,000
Water utility operations	100,686
Approved budget surplus	<u>305,686</u>
Elimination of:	
Transfers to other funds	573,686
Interfund debt repayments	1,530,574
Transfer to Industrial Development Society	40,000
RECC budget	45,920
Funding for capital expeditured	900,000
Amortization of tangible capital assets	(4,110,200)
REN budget	<u>(60,450)</u>
Net PSAB adjustments	<u>(1,080,470)</u>
PSAB adjusted budgeted deficit per consolidated financial statements	<u>\$ (774,784)</u>

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# Town of Truro

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 13 Contingencies

As at March 31, 2019, there is currently a litigation claim against the Town of Truro and the Municipality of the County of Colchester by PCL Constructors Canada Inc. This is a claim arising out of the construction contract for the Rath Eastlink Community Centre. The claim was filed February 2, 2015. A counter claim was also filed by the Town of Truro and the Municipality of the County of Colchester. The stated value of the PCL claim is \$2.5 million. At this stage in the proceedings, it is not possible to reasonably measure any potential liability or recovery that may exist in the PCL claim or counter claim.

In addition, as of March 31, 2019, there are several disputed matters, which the Town is defending and have referred to their insurers. It is unknown at this time the outcome of these matters but it is not considered likely that they will result in a material liability to the Town.

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### 14 Subsequent events

On April 1, 2019, council approved the motion to refinance loans 29A1 in the amount of \$1,107,500 and 29B1 in the amount of \$1,650,000 for a period of 5 years.

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### 15 Government partnerships

Government partnerships entered into or continued by the Town during the current year of operations are recorded using the proportionate consolidation method. Government partnerships include:

Partnership with the Municipality of the County of Colchester to maintain and operate the Central Nova Civic Centre Society at 50%

Partnership with the Municipality of the County of Colchester for the construction and operation costs to maintain the building which hosts the Colchester – East Hants Public Library Truro Branch at 60%

Partnership with the Municipality of the County of Colchester, Town of Stewiacke, and the Truro & Colchest Chamber of Commerce to maintain and operate the Truro/Colchester Regional Enterprise Network at 31%

Government partnerships accounted for using the proportionate consolidation method have the following impact on the consolidated statement of financial position and operations as at March 31,

	<b>2019</b>	<b>2018</b>
Total Assets	\$ <b>6,858,602</b>	\$ 7,359,897
Total Liabilities	<b>4,827,647</b>	5,072,900
Net Assets	<b>\$ 2,030,955</b>	\$ 2,286,997
Total Revenues	\$ <b>2,019,529</b>	\$ 1,580,176
Total Expenses	<b>2,743,438</b>	2,289,724
Annual Deficit	<b>\$ (723,909)</b>	\$ (709,548)

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### 16 Comparative Figures

The financial statements have been reclassified, where applicable, to confirm to the presentation used in the current year. The changes do not affect prior year earnings.

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**Town of Truro**  
**Consolidated Schedule of Tangible Capital Assets**  
March 31

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Work in Progress	2019	2018
<b>General capital</b>									
Balance, beginning of year	\$ 9,529,890	\$ 3,802,835	\$ 47,392,755	\$ 63,076,758	\$ 9,596,632	\$ 1,813,080	\$ 39,008	\$ 135,250,958	\$ 133,717,222
Acquisition of capital assets	-	-	79,378	1,038,160	65,620	85,475	287,145	1,555,778	1,864,284
Disposition of capital assets	(334,558)	(326)	(955)	(474,549)	(522,137)	(11,503)	-	(1,344,028)	(330,548)
Balance, end of year	<u>9,195,332</u>	<u>3,802,509</u>	<u>47,471,178</u>	<u>63,640,369</u>	<u>9,140,115</u>	<u>1,887,052</u>	<u>326,153</u>	<u>135,462,708</u>	<u>135,250,958</u>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	872,583	10,821,245	31,526,824	6,463,647	1,550,360	-	51,234,659	47,305,955
Accumulated amortization on disposals	-	(123)	(955)	(303,941)	(522,137)	(6,902)	-	(834,058)	(227,598)
Annual amortization	-	273,320	1,218,359	2,068,707	440,548	143,398	-	4,144,332	4,156,302
Balance, end of year	<u>-</u>	<u>1,145,780</u>	<u>12,038,649</u>	<u>33,291,590</u>	<u>6,382,058</u>	<u>1,686,856</u>	<u>-</u>	<u>54,544,933</u>	<u>51,234,659</u>
Net book value of capital assets	<u>\$ 9,195,332</u>	<u>\$ 2,656,729</u>	<u>\$ 35,432,529</u>	<u>\$ 30,348,779</u>	<u>\$ 2,758,057</u>	<u>\$ 200,196</u>	<u>\$ 326,153</u>	<u>\$ 80,917,775</u>	<u>\$ 84,016,299</u>
<b>Water capital</b>									
<b>Cost:</b>									
Balance, beginning of year	\$ 1,939,961	\$ -	\$ 11,223,643	\$ 9,602,637	\$ 4,851,187	\$ 681,206	\$ -	\$ 28,298,634	\$ 26,896,096
Acquisition of capital assets	-	-	-	129,092	41,699	31,956	-	202,747	1,435,264
Disposition of capital assets	-	-	-	(673)	-	-	-	(673)	(32,726)
Balance, end of year	<u>1,939,961</u>	<u>-</u>	<u>11,223,643</u>	<u>9,731,056</u>	<u>4,892,886</u>	<u>713,162</u>	<u>-</u>	<u>28,500,708</u>	<u>28,298,634</u>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	-	3,779,233	2,417,878	2,342,376	550,168	-	9,089,655	8,485,172
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(23,168)
Annual amortization	-	-	164,284	144,130	141,467	49,626	-	499,507	627,651
Balance, end of year	<u>-</u>	<u>-</u>	<u>3,943,517</u>	<u>2,562,008</u>	<u>2,483,843</u>	<u>599,794</u>	<u>-</u>	<u>9,589,162</u>	<u>9,089,655</u>
Net book value of water capital	<u>\$ 1,939,961</u>	<u>\$ -</u>	<u>\$ 7,280,126</u>	<u>\$ 7,169,048</u>	<u>\$ 2,409,043</u>	<u>\$ 113,368</u>	<u>\$ -</u>	<u>\$ 18,911,546</u>	<u>\$ 19,208,979</u>
<b>Total net book value</b>	<u>\$ 11,135,293</u>	<u>\$ 2,656,729</u>	<u>\$ 42,712,655</u>	<u>\$ 37,517,827</u>	<u>\$ 5,167,100</u>	<u>\$ 313,564</u>	<u>\$ 326,153</u>	<u>\$ 99,829,321</u>	<u>\$ 103,225,278</u>

## Town of Truro

### Consolidated Schedule of Long Term Debt

Year ended March 31, 2019

	Maturity Date	MFC Series #	Balance March 31, 2018	Issued	Redeemed	Balance March 31, 2019	Interest Rate
<b>General Operating Fund</b>							
Municipal Finance Corporation							
Hospital 2007	2022	37-A-1	550,000	-	110,000	<b>440,000</b>	1.734% - 2.466%
Hospital 2008 (refinanced)	2018	28-A-1	495,000	-	495,000	-	5.095% - 5.095%
Hospital 2008	2023	38-A-1	-	450,000	-	<b>450,000</b>	0.000% - 3.048%
Hospital 2009	2019	29-B-1	600,000	-	50,000	<b>550,000</b>	4.124% - 4.329%
Hospital 2010	2020	30-A-1	715,000	-	55,000	<b>660,000</b>	3.460% - 3.870%
			<u>2,360,000</u>	<u>450,000</u>	<u>710,000</u>	<b>2,100,000</b>	
<b>General Capital Fund</b>							
Municipal Finance Corporation							
Municipal building 2003 (refinanced)	2018	23-A-1	858,000	-	858,000	-	5.375% - 5.375%
Municipal building	2023	38-A-1	-	715,000	-	<b>715,000</b>	0.000% - 3.048%
Municipal building/firehall 2005	2020	25-A-1	490,000	-	61,250	<b>428,750</b>	4.760% - 4.880%
PW Facility 2009	2019	29-A-1	996,749	-	83,062	<b>913,687</b>	4.667% - 4.889%
Stadium/RECC 2009	2019	29-B-1	600,000	-	50,000	<b>550,000</b>	4.124% - 4.329%
RECC 2011	2021	31-A-1	932,400	-	66,600	<b>865,800</b>	2.985% - 3.645%
RECC 2012	2022	32-A-1	2,625,000	-	175,000	<b>2,450,000</b>	2.792% - 3.480%
RECC 2012	2022	32-B-1	1,650,000	-	110,000	<b>1,540,000</b>	2.450% - 3.160%
RECC 2013	2028	33-A-1	798,700	-	50,000	<b>748,700</b>	2.054% - 3.489%
RECC 2013	2028	33-A-1	524,900	-	41,100	<b>483,800</b>	2.054% - 3.489%
RECC 2013	2023	33-B-1	1,280,000	-	80,000	<b>1,200,000</b>	2.460% - 3.614%
Fire Truck 2014	2024	34-A-1	350,000	-	50,000	<b>300,000</b>	1.923% - 3.347%
RECC 2014	2029	34-B-1	2,154,750	-	126,750	<b>2,028,000</b>	1.970% - 3.559%
Library 2015	2030	35-A-1	4,680,000	-	260,000	<b>4,420,000</b>	1.394% - 3.449%
Scotiabank							
Vehicle loan 2014	2018		2,866	-	2,866	-	0.000%
Finance Company							
Vehicle loan 2016	2019		11,562	-	9,869	<b>1,693</b>	4.99%
Vehicle loan 2016	2020		16,118	-	7,675	<b>8,443</b>	1.49%
			<u>17,971,045</u>	<u>715,000</u>	<u>2,032,172</u>	<b>16,653,873</b>	
<b>Water Capital Fund</b>							
Municipal Finance Corporation							
PW Facility 2009	2019	29-A-1	332,249	-	27,686	<b>304,563</b>	4.667% - 4.889%
Water Utility Dam 2009	2019	29-B-1	780,000	-	65,000	<b>715,000</b>	4.124% - 4.329%
Water Utility Dam 2010	2020	30-A-1	130,000	-	10,000	<b>120,000</b>	3.460% - 3.870%
			<u>1,242,249</u>	<u>-</u>	<u>102,686</u>	<b>1,139,563</b>	
			<u>\$ 21,573,294</u>	<u>\$ 1,165,000</u>	<u>\$ 2,844,858</u>	<b>\$ 19,893,436</b>	

**Town of Truro**

**Consolidated Schedule of Segment Disclosure**

Year ended March 31, 2019

	General Government	Protective	Transportation	Environmental Health	Public Health	Environmental Development	Recreation and Cultural	Rath Eastlink Community Centre	Regional Enterprise Network	Water Utility	Consolidated
<b>Revenue</b>											
Assessable property taxes	\$ 3,190,743	\$ 5,822,986	\$ 4,643,875	\$ 1,875,600	\$ 59,711	\$ 766,426	\$ 3,030,968	\$ -	\$ -	\$ -	\$ 19,390,309
Grants in lieu of taxes	134,490	245,439	195,739	79,056	2,517	32,305	127,755	-	-	-	817,301
Services provided to other governments	8,226	27,447	294,645	15,450	-	10,287	45,810	-	-	-	401,865
Sale of services	172,471	120,274	8,981	-	-	14,475	564,930	-	-	-	881,131
Other revenue from own sources	370,022	188,053	-	-	-	8,011	107,619	-	-	-	673,705
Rath Eastlink Community Centre	-	-	-	-	-	-	-	1,863,937	-	-	1,863,937
Regional Enterprise Network	-	-	-	-	-	-	-	-	106,781	-	106,781
Unconditional transfers from government	1,363,585	-	-	-	-	-	-	-	-	-	1,363,585
Conditional transfers from government	-	540,076	1,201,856	-	-	-	77,410	-	-	-	1,819,342
Water revenues	-	-	-	-	-	-	-	-	-	3,708,662	3,708,662
	<b>\$ 5,236,704</b>	<b>\$ 6,944,275</b>	<b>\$ 6,345,096</b>	<b>\$ 1,970,106</b>	<b>\$ 62,228</b>	<b>\$ 831,504</b>	<b>\$ 3,954,492</b>	<b>\$ 1,863,937</b>	<b>\$ 106,781</b>	<b>\$ 3,708,662</b>	<b>\$ 31,026,618</b>
<b>Expenditures</b>											
Salaries, wages and benefits	\$ 1,515,288	\$ 6,509,892	\$ 2,265,739	\$ 301,494	\$ -	\$ 687,329	\$ 1,601,455	\$ 970,601	\$ 40,912	\$ 967,109	\$ 14,859,819
Operating materials and supplies	1,059,666	1,086,456	1,908,444	154,701	-	355,855	871,448	1,294,033	55,963	1,278,327	8,064,895
Contracted services	154,140	24,000	-	1,482,887	-	-	250,367	-	-	-	1,911,334
Rents and financial expenses	110,805	21,898	215,941	318,820	81,678	-	468,440	-	-	52,447	1,270,027
Community grants and exemptions	370,370	14,369	-	-	-	-	-	-	-	-	384,739
Post employment	547,842	-	-	-	-	-	-	-	-	-	547,842
Amortization	606,449	308,543	1,962,149	307,697	-	5,197	954,297	-	-	499,507	4,643,839
	<b>\$ 4,364,560</b>	<b>\$ 7,965,158</b>	<b>\$ 6,352,273</b>	<b>\$ 2,565,599</b>	<b>\$ 81,678</b>	<b>\$ 1,048,381</b>	<b>\$ 4,146,007</b>	<b>\$ 2,264,634</b>	<b>\$ 96,875</b>	<b>\$ 2,797,390</b>	<b>\$ 31,682,555</b>

**Town of Truro**

**Consolidated Schedule of Segment Disclosure**

Year ended March 31, 2018

	General Government	Protective	Transportation	Environmental Health	Public Health	Environmental Development	Recreation and Cultural	Rath Eastlink Community Centre	Regional Enterprise Network	Water Utility	Consolidated
<b>Revenue</b>											
Assessable property taxes	\$ 3,445,103	\$ 5,437,531	\$ 4,298,472	\$ 1,907,333	\$ 74,726	\$ 755,441	\$ 2,965,640	\$ -	\$ -	\$ -	\$ 18,884,246
Grants in lieu of taxes	147,824	233,315	184,440	81,840	3,206	32,415	127,251	-	-	-	810,291
Services provided to other governments	-	27,405	211,874	16,626	-	10,195	36,404	-	-	-	302,504
Sale of services	160,986	133,415	9,189	-	-	13,381	532,477	-	-	-	849,448
Other revenue from own sources	374,963	126,140	-	-	-	61,934	151,653	-	-	-	714,690
Rath Eastlink Community Centre	-	-	-	-	-	-	-	1,465,607	-	-	1,465,607
Unconditional transfers from government	1,360,005	-	-	-	-	-	-	-	-	-	1,360,005
Conditional transfers from government	-	509,901	1,269,347	-	-	-	240,180	-	-	325,000	2,344,428
Water revenues	-	-	-	-	-	-	-	-	-	3,723,804	3,723,804
	<b>\$ 5,488,881</b>	<b>\$ 6,467,707</b>	<b>\$ 5,973,322</b>	<b>\$ 2,005,799</b>	<b>\$ 77,932</b>	<b>\$ 873,366</b>	<b>\$ 4,053,605</b>	<b>\$ 1,465,607</b>	<b>\$ -</b>	<b>\$ 4,048,804</b>	<b>\$ 30,455,023</b>
<b>Expenditures</b>											
Salaries, wages and benefits	\$ 1,516,693	\$ 6,147,858	\$ 2,131,222	\$ 244,217	\$ -	\$ 780,633	\$ 1,525,594	\$ 912,135	\$ -	\$ 967,107	\$ 14,225,459
Operating materials and supplies	1,013,139	976,911	1,722,749	162,711	-	255,759	882,601	1,022,294	-	1,138,471	7,174,635
Contracted services	154,132	24,172	-	1,580,034	-	-	220,680	-	-	-	1,979,018
Rents and financial expenses	128,987	27,800	120,918	334,561	103,031	-	488,793	-	-	56,648	1,260,738
Community grants and exemptions	409,351	14,369	-	-	-	-	-	-	-	-	423,720
Post employment	914,058	-	-	-	-	-	-	-	-	-	914,058
Amortization	613,689	306,065	1,951,771	308,275	-	5,197	971,306	-	-	627,650	4,783,953
	<b>\$ 4,750,049</b>	<b>\$ 7,497,175</b>	<b>\$ 5,926,660</b>	<b>\$ 2,629,798</b>	<b>\$ 103,031</b>	<b>\$ 1,041,589</b>	<b>\$ 4,088,974</b>	<b>\$ 1,934,429</b>	<b>\$ -</b>	<b>\$ 2,789,876</b>	<b>\$ 30,761,581</b>

# SUPPLEMENTARY SCHEDULES

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

March 31

2019

2018

**ASSETS**

Receivables

Water rates (net of allowance - \$50,000; 2018 - \$50,000)	\$	<b>811,290</b>	\$	771,689
Other receivables		<b>70,560</b>		29,960
		<b>881,850</b>		801,649
Due from own funds, reserves, agencies				
General operating fund		<b>601,361</b>		1,157,053
	\$	<b>1,483,211</b>	\$	<b>1,958,702</b>

**LIABILITIES**

Payables and accruals	\$	<b>59,328</b>	\$	56,730
Due to own funds, reserves, agencies				
Water capital fund		-		712,146
		<b>59,328</b>		768,876

**SURPLUS**

		<b>1,423,883</b>		1,189,826
	\$	<b>1,483,211</b>	\$	<b>1,958,702</b>

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

Year ended March 31

	2019		2018
	Budget	Actual	Actual
<b>Operating revenue</b>			
Metered sales	\$ 3,350,000	\$ 3,385,794	\$ 3,389,018
Flat rate sales	23,000	22,943	23,273
Public fire protection	857,304	857,304	857,304
Private fire protection	38,000	39,101	40,067
Sprinkler service	41,000	40,850	41,685
Miscellaneous	20,000	42,599	52,683
	<u>4,329,304</u>	<u>4,388,591</u>	<u>4,404,030</u>
<b>Operating expenditures</b>			
Source of supply	20,000	6,560	6,523
Power and pumping	155,500	163,625	143,085
Water treatment	1,208,586	1,196,993	1,124,514
Transmission and distribution	889,500	824,774	786,501
Administration and general	565,200	585,263	560,955
Depreciation	515,000	499,507	627,650
Taxes	718,000	722,679	713,560
	<u>4,071,786</u>	<u>3,999,401</u>	<u>3,962,788</u>
<b>Operating income</b>	<u>257,518</u>	<u>389,190</u>	<u>441,242</u>
<b>Non-operating expenditures</b>			
Debt charges			
Principal	102,688	102,686	102,687
Interest	54,144	52,447	56,648
Capital expenditures out of operations	-	-	450,546
	<u>156,832</u>	<u>155,133</u>	<u>609,881</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>\$ 100,686</u>	<u>234,057</u>	(168,639)
<b>Surplus, beginning of year</b>		<u>1,189,826</u>	<u>1,358,465</u>
<b>Surplus, end of year</b>		<u>\$ 1,423,883</u>	<u>\$ 1,189,826</u>



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

March 31	2019	2018
<b>Assets</b>		
Cash	\$ 1,655,300	\$ 921,652
Receivable	-	27,840
Due from own funds, reserves, agencies		
Water operating fund	-	712,146
General operating fund	324,602	-
Utility plant and equipment (Page 31)	<u>28,500,708</u>	<u>28,298,634</u>
	<u>\$ 30,480,610</u>	<u>\$ 29,960,272</u>
<b>Liabilities</b>		
Accumulated allowance for depreciation	\$ 9,589,162	\$ 9,089,655
Long Term Debt	<u>1,139,563</u>	<u>1,242,249</u>
	10,728,725	10,331,904
Investment in capital assets (Page 31)	<u>19,751,885</u>	<u>19,628,368</u>
	<u>\$ 30,480,610</u>	<u>\$ 29,960,272</u>

**Town of Truro**  
**Supplementary Schedule**  
**Water Utility Capital Fund**  
**Statement of Utility Plant and Equipment**

March 31	2019	2018
Tangible plant and equipment		
Land - Source of supply	\$ 1,939,961	\$ 1,939,961
Structures and improvements	11,223,644	11,223,644
Pumping equipment	999,050	999,050
Purification equipment	1,249,997	1,249,997
Distribution mains	8,004,413	7,875,994
Distribution equipment	299,956	299,956
Services	1,726,643	1,726,643
Meters	1,596,703	1,555,004
Hydrants	665,752	665,752
Office furniture and equipment	81,427	81,427
Transportation equipment	713,162	681,206
	<u>\$ 28,500,708</u>	<u>\$ 28,298,634</u>

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

Year ended March 31	2019	2018
Balance, beginning of year	<u>\$ 19,628,368</u>	<u>\$ 18,619,212</u>
Capital contributions	-	325,000
Transfer from water land reserve	-	109,718
Interest earned on depreciation funds	21,504	16,364
Term debt retired	102,686	102,687
Capital expenditures out of revenue	-	450,546
Disposal of capital assets	(673)	4,841
	<u>123,517</u>	<u>1,009,156</u>
Balance, end of year	<u>\$ 19,751,885</u>	<u>\$ 19,628,368</u>