

TOWN OF TRURO
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

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 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

Michael W. Dolter
Chief Administration Officer

Aundrea Currie
Director of Corporate Services

October 15, 2018

Independent auditor's report

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To the Mayor and Council of the
Town of Truro

We have audited the accompanying consolidated financial statements of the **Town of Truro** on Pages 4 to 27, which comprise the consolidated statement of financial position as at **March 31, 2017**, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's 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 consolidated 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 Town of Truro has recorded donations from the public on behalf of the Central Nova Scotia Civic Centre Society (operating as "Rath Eastlink Community Centre"), the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Town and we were not able to determine whether any adjustments might be necessary to revenues, net surplus (deficit) and cash flows from operations for the years ended March 31, 2017 and March 31, 2016, assets and/or liabilities as at March 31, 2017 and March 31, 2016 and accumulated surplus as at April 1, 2016 and April 1, 2015 and March 31, 2017 and 2016. Our audit opinion on the consolidated financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the **Town of Truro** as at **March 31, 2017**, and the consolidated results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

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 to 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 in the audit of consolidated financial statements taken as a whole.

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Truro, Canada
October 15, 2018

Town of Truro

Consolidated Statement of Financial Position

March 31

2017

2016

FINANCIAL ASSETS

Cash and cash equivalents (Note 1)	\$ 3,722,447	\$ 4,443,290
Receivables		
Taxes and sewer rates, net of valuation allowance (Note 2)	1,898,085	1,570,154
Water rates (net of allowance - \$50,000; 2016 - \$50,000)	916,082	1,352,382
Due from federal government	850,907	619,895
Due from provincial government	333,753	284,989
Loans and advances (net of allowance - \$235,944; 2016 - \$235,944)	140,000	170,000
Other receivables (net of allowance - \$55,980; 2016 - \$27,100)	2,404,150	3,055,577
Land held for resale (Note 1)	888,771	888,771
	<u>\$ 11,154,195</u>	<u>\$ 12,385,058</u>

LIABILITIES

Payables and accruals	\$ 2,943,133	\$ 4,147,837
Prepaid taxes	239,562	192,816
Deferred revenue (Note 3)	240,308	140,048
Deposits and other	18,707	39,875
Tax sale surplus (Note 5)	70,959	70,959
Post employment benefits (Note 6)	422,540	459,607
Defined pension obligation (Note 7)	1,342,687	404,501
Long term debt (Page 26)	23,352,394	25,069,115
	<u>28,630,290</u>	<u>30,524,758</u>

NET DEBT

(17,476,095) (18,139,700)

NON-FINANCIAL ASSETS

Tangible capital assets (Page 25)	160,613,318	157,140,053
Less accumulated amortization	(55,791,127)	(52,398,658)
Inventory not held for resale (Note 1)	220,354	396,197
Prepaid expenses	107,507	94,335

NET NON-FINANCIAL ASSETS

105,150,052 105,231,927

ACCUMULATED SURPLUS

\$ 87,673,957 \$ 87,092,227

Commitments (Note 9)

Contingencies (Note 13)

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

2017

2016

	Page	Budget (Note 12)	Actual	Actual
Revenue				
Assessable property taxes and sewer rates	8	\$ 18,334,768	\$ 18,618,574	\$ 17,714,247
Grants in lieu of taxes	8	786,713	789,419	796,805
Services provided to other governments	9	185,986	197,095	163,776
Sale of services	9	720,915	834,606	695,904
Other revenue from own sources	9	315,500	760,562	1,140,906
Rath Eastlink Community Centre		1,222,682	1,060,695	1,186,772
Unconditional transfers from government	10	1,352,640	1,361,271	1,363,794
Conditional transfers from government	10	1,942,400	2,931,362	2,044,284
Water revenues	10	3,400,304	3,701,417	3,693,902
Total revenue		<u>28,261,908</u>	<u>30,255,001</u>	<u>28,800,390</u>
Expenditures				
General government services	11	3,421,167	4,996,233	4,003,017
Protective services	12	7,435,519	7,158,853	7,087,814
Transportation services	12	5,655,229	5,734,635	5,795,301
Environmental health services	13	3,002,834	2,628,812	2,954,356
Public health services	13	97,100	119,140	127,926
Environmental development services	13	1,068,826	913,105	986,275
Recreation and cultural services	14	3,809,180	4,018,402	3,711,777
Rath Eastlink Community Centre		1,822,682	1,594,306	1,749,540
Water expenses	14	2,651,600	2,509,785	3,224,611
Total expenditures		<u>28,964,137</u>	<u>29,673,271</u>	<u>29,640,617</u>
Net surplus (deficit)		<u>\$ (702,229)</u>	581,730	(840,227)
Accumulated surplus, beginning of year			87,092,227	87,932,454
Accumulated surplus, end of year			<u>\$ 87,673,957</u>	<u>\$ 87,092,227</u>

See accompanying notes to the consolidated financial statements

Town of Truro

Consolidated Statement of Cash Flows

Year Ended March 31

2017

2016

Increase (decrease) in cash and cash equivalents

Operating activities

Net surplus (deficit)	\$ 581,730	\$ (840,227)
Amortization	4,772,573	4,456,999
Net loss on disposal of tangible capital assets	6,160	617,582
Loss on sale of land held for resale	-	33,710
	<u>5,360,463</u>	<u>4,268,064</u>

Taxes and sewer rate receivable	(327,931)	(70,834)
Water rates receivable	436,300	(263,831)
Accounts receivable	401,651	(1,735,660)
Payables, accruals and other liabilities	(177,747)	(9,033)
Inventory not held for resale	175,843	(99,322)
Prepaid expenses	(13,172)	15,302
	<u>5,855,407</u>	<u>2,104,686</u>

Capital activities

Acquisition of tangible capital assets	(5,097,942)	(3,884,588)
Proceeds on sale of tangible capital assets	238,413	113,732
Proceeds on sale of land held for resale	-	46,290
Addition to land held for resale	-	(153,330)
	<u>(4,859,529)</u>	<u>(3,877,896)</u>

Financing activities

Issuance of long term debt	58,938	5,200,000
Debt principal repayment	(1,775,659)	(1,610,651)
Repayment of short term borrowing	-	(2,819,132)
	<u>(1,716,721)</u>	<u>770,217</u>

Net change in cash and cash equivalents

(720,843) (1,002,993)

Cash and cash equivalents

Beginning of year	<u>4,443,290</u>	<u>5,446,283</u>
End of year	<u>\$ 3,722,447</u>	<u>\$ 4,443,290</u>

See accompanying notes to the consolidated financial statements

Town of Truro
Consolidated Statement of Changes in Net Debt

Year Ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Net surplus (deficit)	\$ (702,229)	\$ 581,730	\$ (840,227)
Changes in tangible capital assets			
Acquisition of tangible capital assets	(4,024,828)	(5,097,942)	(3,884,588)
Amortization of tangible capital assets	4,475,000	4,772,573	4,456,999
Proceeds on sale of tangible capital assets		238,413	113,732
Net loss on disposal of tangible capital assets		6,160	617,582
	<u>450,172</u>	<u>(80,796)</u>	<u>1,303,725</u>
Changes in other non-financial assets			
Inventory not held for resale		175,843	(99,322)
Prepaid expenses		(13,172)	15,302
	<u>-</u>	<u>162,671</u>	<u>(84,020)</u>
Change in net debt	<u>\$ (252,057)</u>	663,605	379,478
Net debt, beginning of year		(18,139,700)	(18,519,178)
Net debt, end of year		<u>\$ (17,476,095)</u>	<u>\$ (18,139,700)</u>

See accompanying notes to the consolidated financial statements

Town of Truro

Schedules to Consolidated Statement of Operations

Year Ended March 31

2017

2016

	Budget	Actual	Actual
Assessable property taxes and sewer rates			
Assessable property			
Residential	\$ 10,973,819	\$ 10,955,749	\$ 10,717,934
Commercial	9,006,792	9,076,787	9,156,442
Resource	17,428	17,428	17,075
Recreation	5,173	5,432	5,173
Forest property (less than 50,000 acres)	269	260	269
Forest property (50,000 acres or more)	194	194	194
	<u>20,003,675</u>	<u>20,055,850</u>	<u>19,897,087</u>
Business property			
Based on revenue - Bell Aliant	95,000	77,367	97,696
Nova Scotia Power Inc - Grant in lieu of taxes	17,000	17,051	17,440
Nova Scotia Power Inc - HST rebate	35,000	113,224	107,016
	<u>147,000</u>	<u>207,642</u>	<u>222,152</u>
Other			
Sewer rates	664,093	634,376	-
Deed transfer tax	290,000	483,424	307,929
Total tax levied	<u>21,104,768</u>	<u>21,381,292</u>	<u>20,427,168</u>
Expenditures as a reduction of tax revenue			
Appropriations to regional school board	(2,500,000)	(2,510,424)	(2,454,287)
Transfer to correctional services	(175,000)	(170,569)	(171,404)
Deficit of regional housing authority	(95,000)	(81,725)	(87,230)
	<u>(2,770,000)</u>	<u>(2,762,718)</u>	<u>(2,712,921)</u>
	<u>\$ 18,334,768</u>	<u>\$ 18,618,574</u>	<u>\$ 17,714,247</u>

Grants in lieu of taxes

Federal government	\$ 697,471	\$ 698,579	\$ 705,748
Provincial government			
Fire protection	39,610	41,191	41,175
Provincial property	49,632	49,649	49,882
	<u>\$ 786,713</u>	<u>\$ 789,419</u>	<u>\$ 796,805</u>

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

Year Ended March 31

20172016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Services provided to other governments			
Other local governments			
County of Colchester	\$ 49,352	\$ 73,308	\$ 38,105
Millbrook First Nation	120,000	107,732	111,110
Town of Stewiacke	16,634	16,055	14,561
	<u>\$ 185,986</u>	<u>\$ 197,095</u>	<u>\$ 163,776</u>

Sale of services

General government services	\$ 92,435	\$ 142,908	\$ 92,972
Protective services	61,280	109,984	75,741
Transportation services	7,500	15,020	11,995
Environmental development services	6,700	22,947	7,640
Recreation and cultural services			
Stadium	372,000	303,184	316,822
Douglas Street Community Centre	55,000	70,539	64,792
Victoria Park	90,000	99,987	94,896
Day camp	23,000	43,801	25,649
Other	13,000	26,236	5,397
	<u>\$ 720,915</u>	<u>\$ 834,606</u>	<u>\$ 695,904</u>

Other revenue from own sources

Licenses and permits	\$ 2,500	\$ 4,443	\$ 4,486
Fines	100,000	137,107	131,996
Rentals	-	4,500	19,208
Return on investments	20,000	35,529	197,129
Penalties and interest on taxes	190,500	271,744	253,261
Contributions for capital	-	249,699	228,981
Gain on disposition of assets	-	42,867	-
Miscellaneous	2,500	14,673	305,845
Revenue collected for other government agencies	260,000	268,347	260,188
Transmission of revenue collected	(260,000)	(268,347)	(260,188)
	<u>\$ 315,500</u>	<u>\$ 760,562</u>	<u>\$ 1,140,906</u>

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

Year Ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Unconditional transfers from other governments			
Provincial government			
Equalization grant	\$ 1,346,600	\$ 1,346,638	\$ 1,346,638
Farm property acreage	1,040	1,070	1,060
Other provincial			
911 cost recovery	-	4,544	4,508
Dairy stewardship program	5,000	9,019	11,588
	<u>\$ 1,352,640</u>	<u>\$ 1,361,271</u>	<u>\$ 1,363,794</u>

Conditional transfers from governments

Federal government			
Aboriginal Affairs	\$ 490,601	\$ 438,611	\$ 439,930
Federal gas tax program	917,103	849,140	865,466
Grants for tangible capital assets	-	810,592	52,035
Student wage grants	4,500	-	5,088
Provincial government			
Safe communities	400,000	400,000	400,000
Criminal intelligence service	105,196	104,767	101,776
Grants for tangible capital assets	-	256,400	148,524
Active communities	25,000	71,852	31,465
	<u>\$ 1,942,400</u>	<u>\$ 2,931,362</u>	<u>\$ 2,044,284</u>

Water revenues

Metered sales	\$ 3,200,000	\$ 3,372,359	\$ 3,380,975
Flat rate sales	20,000	23,186	23,692
Public fire protection	76,304	155,873	155,873
Private fire protection	42,000	37,600	38,252
Sprinkler service	42,000	41,667	40,459
Miscellaneous	20,000	46,847	42,193
Gain on disposition of assets	-	11,905	-
Return on investments	-	11,980	12,458
	<u>\$ 3,400,304</u>	<u>\$ 3,701,417</u>	<u>\$ 3,693,902</u>

Town of Truro

Schedules to Consolidated Statement of Operations

Year Ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor remuneration	\$ 40,189	\$ 42,768	\$ 39,459
Mayor expenses	10,000	2,445	3,960
Council remuneration	139,685	144,193	136,032
Council expenses	81,325	57,132	62,890
	<u>271,199</u>	<u>246,538</u>	<u>242,341</u>
General administration			
Administrative	939,920	797,849	898,154
Information technology	379,350	329,740	343,788
Financial management	678,800	751,003	657,015
Taxation			
Tax rebates	111,000	189,834	78,999
Other taxation - tax sharing agreement	65,000	65,397	64,729
Transfer for assessment services	154,598	154,598	156,529
Demolition costs	-	284,904	-
Post employment costs	-	901,119	404,501
Common services	173,300	210,664	307,292
	<u>2,501,968</u>	<u>3,685,108</u>	<u>2,911,007</u>
Debt charges			
General operations interest & charges	4,000	7,701	(3,295)
Interest on long term debt - debenture	74,000	69,084	80,603
Other - debt financing fees	-	-	39,195
	<u>78,000</u>	<u>76,785</u>	<u>116,503</u>
Valuation allowance			
Uncollectible taxes	10,000	77,221	99,000
Other doubtful accounts	5,000	54,280	4,448
	<u>15,000</u>	<u>131,501</u>	<u>103,448</u>
Other general government services			
Grants to organizations	200,000	241,472	200,850
Loss on sale of assets	-	-	78,662
Other	10,000	6,245	4,440
	<u>210,000</u>	<u>247,717</u>	<u>283,952</u>
	<u>3,076,167</u>	<u>4,387,649</u>	<u>3,657,251</u>
Amortization	345,000	608,584	345,766
	<u>\$ 3,421,167</u>	<u>\$ 4,996,233</u>	<u>\$ 4,003,017</u>

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

Year Ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Police services operations	\$ 5,141,087	\$ 4,786,107	\$ 4,782,356
Dispatch services	374,000	373,692	353,647
	<u>5,515,087</u>	<u>5,159,799</u>	5,136,003
Fire protection	1,503,094	1,547,217	1,462,060
Emergency measures	55,338	64,945	79,701
Debt charges			
Interest on long term debt - debenture	38,000	34,660	39,410
Other protective services			
Animal control	24,000	28,723	56,388
	<u>7,135,519</u>	<u>6,835,344</u>	6,773,562
Amortization	300,000	323,509	314,252
	<u>\$ 7,435,519</u>	<u>\$ 7,158,853</u>	<u>\$ 7,087,814</u>

Transportation services			
Common services	\$ 979,329	\$ 1,036,120	\$ 980,646
Road transport			
Streets and sidewalks	1,098,000	1,558,593	1,429,022
Snow and ice removal	1,000,000	614,323	741,142
Street lighting	300,000	200,906	318,557
Traffic services	155,000	122,884	151,423
Loss or writedown on disposal of tangible capital assets	-	49,543	50,505
Other	34,000	30,371	32,417
	<u>2,587,000</u>	<u>2,576,620</u>	2,723,066
Debt charges			
Interest on long term debt - debenture	58,900	56,455	62,552
	<u>3,625,229</u>	<u>3,669,195</u>	3,766,264
Amortization	2,030,000	2,065,440	2,029,037
	<u>\$ 5,655,229</u>	<u>\$ 5,734,635</u>	<u>\$ 5,795,301</u>

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

Year Ended March 31

2017**2016**

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Sewage collection and disposal			
Sewage collection systems	\$ 580,000	\$ 378,344	\$ 534,488
Sewage treatment and disposal	1,062,000	958,723	1,000,776
Share of County of Colchester sewage treatment debt charges	491,290	487,421	484,822
	<u>2,133,290</u>	<u>1,824,488</u>	<u>2,020,086</u>
Garbage and waste collection and disposal			
Garbage, waste collection and disposal	459,544	409,854	413,631
Recycling	50,000	40,027	58,900
Composting	45,000	44,340	41,298
Share of County of Colchester garbage and waste collection debt charges	-	-	103,998
	<u>554,544</u>	<u>494,221</u>	<u>617,827</u>
	<u>2,687,834</u>	<u>2,318,709</u>	<u>2,637,913</u>
Amortization	315,000	310,103	316,443
	<u>\$ 3,002,834</u>	<u>\$ 2,628,812</u>	<u>\$ 2,954,356</u>

Public health services

Interest on long term debt	<u>\$ 97,100</u>	<u>\$ 119,140</u>	<u>\$ 127,926</u>
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Environmental development services

Planning and development			
Planning administration	\$ 454,713	\$ 445,259	\$ 406,573
Business development	186,448	142,613	132,178
Building inspection	104,000	101,237	103,763
	<u>745,161</u>	<u>689,109</u>	<u>642,514</u>
Community development			
Other	59,500	3,985	64,823
Natural resources (tree) development	187,000	151,010	188,936
Tourism	57,165	57,187	70,212
	<u>1,048,826</u>	<u>901,291</u>	<u>966,485</u>
Amortization	20,000	11,814	19,790
	<u>\$ 1,068,826</u>	<u>\$ 913,105</u>	<u>\$ 986,275</u>

Town of Truro

Schedules to Consolidated Statement of Operations

Year Ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation and cultural services			
Recreation facilities			
Administration	\$ 431,350	\$ 417,480	\$ 415,259
Victoria Park pool	105,500	106,650	109,359
Skating rinks and multi-purpose centres			
Stadium	546,850	569,346	544,544
Douglas Street Community Centre	119,700	126,674	111,027
Other facilities	4,000	-	72,293
Victoria Park	264,220	282,239	281,918
Civic Square	-	78,625	-
Sports fields, green spaces and other parks	358,100	329,865	308,946
Other			
Downtown maintenance	195,500	191,320	201,442
Litter control	19,500	29,834	18,195
Recreation programs	80,060	96,032	67,993
Loss on disposition of assets	-	3,508	-
Other recreation services	28,300	27,484	22,956
	<u>2,153,080</u>	<u>2,259,057</u>	<u>2,153,932</u>
Cultural buildings and facilities			
Library - local branch	120,000	188,557	78,760
Transfer to regional library	84,000	81,713	81,713
	<u>204,000</u>	<u>270,270</u>	<u>160,473</u>
Debt charges			
Interest on long term debt - debenture	487,100	505,514	433,923
	<u>2,844,180</u>	<u>3,034,841</u>	<u>2,748,328</u>
Amortization			
	<u>965,000</u>	<u>983,561</u>	<u>963,449</u>
	<u>\$ 3,809,180</u>	<u>\$ 4,018,402</u>	<u>\$ 3,711,777</u>

Water expenses

Power and pumping	\$ 222,100	\$ 130,303	\$ 136,028
Water treatment	953,000	1,085,168	1,126,177
Transmission and distribution	849,500	720,506	849,739
Administrative and general	57,000	43,830	91,586
Loss or writedown on disposal of tangible capital assets	-	-	488,418
Interest on long term debt	70,000	60,416	64,402
	<u>2,151,600</u>	<u>2,040,223</u>	<u>2,756,350</u>
Amortization			
	<u>500,000</u>	<u>469,562</u>	<u>468,261</u>
	<u>\$ 2,651,600</u>	<u>\$ 2,509,785</u>	<u>\$ 3,224,611</u>

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2017

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

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 centre is 50%, 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.

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.

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2017

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 net surplus (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.

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2017

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.

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2017

1 Summary of significant accounting policies (continued)

l) Cash and cash equivalents

Cash and cash equivalents includes unrestricted cash of \$1,731,787 (2016 - \$1,765,762) and internally designated cash of \$1,990,660 (2016 - \$2,677,528). 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.

n) Budget figures

The budget figures contained in these consolidated financial statements were approved by Council on April 4, 2016 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, 2017 there are no known contaminated sites identified.

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2017

2 Taxes and sewer rates receivable	2017	2016
Balance, beginning of year	\$ 1,749,154	\$ 1,579,320
Current period tax and interest	21,696,022	20,721,084
	23,445,176	22,300,404
Collections	(21,477,091)	(20,551,250)
Balance, end of year	1,968,085	1,749,154
Valuation allowance	(70,000)	(179,000)
Balance, net of valuation allowance end of year	\$ 1,898,085	\$ 1,570,154

3 Deferred revenue

	Gas tax	Other	Total
Balance, beginning of year	\$ -	\$ 140,048	\$ 140,048
Contributions	917,103	32,297	949,400
Amounts recognized as revenue	(849,140)	-	(849,140)
Balance, end of year	\$ 67,963	\$ 172,345	\$ 240,308

4 Long term debt

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

	General Operating	General Capital	Water Capital	Total
2018	\$ 755,000	\$ 1,471,413	\$ 102,688	2,329,101
2019	600,000	2,032,172	102,688	2,734,860
2020	605,000	2,494,871	1,029,560	4,129,431
2021	605,000	1,329,604	110,000	2,044,604
2022	-	1,628,653	-	1,628,653

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

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2017

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, 2017.

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>2017</u>
Current period benefit cost	\$ 134,899
Interest expense	10,029
	<u>\$ 144,928</u>

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

	<u>2017</u>
Balance, beginning of year	\$ 459,607
Benefit expense	134,899
Interest expense	10,029
Employer contributions	(181,995)
Balance, end of year	<u>\$ 422,540</u>

Assumptions:

Discount rate:	2.3% per annum
Salary increases:	2.0% per annum
Termination rate:	Ontario Light Termination rate
Retirement age:	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, 2017

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, 2013. The note below has been based on the actuarial assumptions and valuation as at December 31, 2013 and has been updated by extrapolation to March 31, 2017. An actuarial valuation was completed subsequent to year end for December 31, 2016. Management's opinion is that the extrapolation based on December 31, 2013 is not materially different than if the extrapolation was completed using the December 31, 2016 valuation.

	<u>2017</u>	<u>2016</u>
Plan assets, at market value, April 1	\$ 24,085,248	\$ 24,328,164
Return on the plan	1,380,818	1,391,613
Contributions – Employer required	480,552	420,988
Contributions – Employee	446,744	433,272
Outstanding contributions at end of year	73,041	84,842
Benefit payments	(1,069,362)	(1,106,629)
Gain on assets	912,555	(1,382,160)
	<u> </u>	<u> </u>
Plan assets, at market value, March 31	\$ 26,309,596	\$ 24,170,090
Accrued benefit obligation, April 1	\$ 33,269,372	\$ 33,257,803
Current service cost	1,683,778	1,752,568
Benefit payments	(1,069,362)	(1,106,629)
Interest on accrued benefit obligation	1,007,297	923,472
(Gain)/Loss on obligations	-	(1,557,842)
	<u> </u>	<u> </u>
Accrued benefit obligation, March 31	\$ 34,891,085	\$ 33,269,372

Net pension fund liability (asset) is comprised of:

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation	\$ 34,891,085	\$ 33,269,372
Less: Plan assets	26,309,596	24,170,090
Less: Unamortized (gain) loss	7,238,802	8,694,781
	<u> </u>	<u> </u>
Valuation allowance	-	-
	<u> </u>	<u> </u>
Net pension fund liability	\$ 1,342,687	\$ 404,501
Components of Benefit Expense		
Current period cost	\$ 1,683,778	\$ 1,752,568
Employee contributions for the year	(446,744)	(433,272)
Benefit Expense	<u> </u>	<u> </u>
	\$ 1,237,034	\$ 1,319,296

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

	<u>2017</u>
Discount rate	3.00%
Expected rate of return on plan assets	5.75%
Inflation rate	2.50%
Salary growth rate	2.00%
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, 2017

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 (2016 – \$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 \$81,725 (2016 - \$87,230) 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.

Project	Town share	Town's share of capital cost	Town's commitment as at March 31, 2017
a) Wastewater Treatment (Upgrades 2014)	100%	\$ 3,232,588	\$ 2,909,330
b) Wastewater Treatment (Upgrades 2016)	50%	953,568	953,568
		\$ 4,186,156	\$ 3,862,898

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:	2018	209,307
	2019	209,307
	2020	209,307
	2021	209,307
	2022	209,307
	2022-2032	2,816,363

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2017

10 Financial instruments

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

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 taxes and grants in place of taxes receivable and trade and other 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 accrual, 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 paid to elected and senior appointed officials of the Town are as follows:

W.R. Mills	Mayor	\$	39,352
T. Chisholm	Councillor	\$	22,718
C. Fritz	Councillor/Deputy Mayor	\$	25,560
C. Hinton	Councillor	\$	8,887
D. Joseph	Councillor	\$	22,718
B. Kinsman	Councillor	\$	22,718
G. MacArthur	Councillor	\$	13,830
W. Talbot	Councillor	\$	8,887
R. Tynes	Councillor	\$	13,830
M. Dolter	Chief Administrative Officer	\$	142,986

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>2017</u>
Approved budgeted surplus (deficit) for the year	
General operations	\$ 205,000
Industrial Development Society	-
Water utility operations	<u>11,704</u>
Approved budget surplus	<u>216,704</u>
Elimination of:	
Transfers to (from) other funds	1,390,103
Interfund debt repayments	1,665,964
Amortization of tangible capital assets	<u>(3,975,000)</u>
Net PSAB adjustments	<u>(918,933)</u>
PSAB adjusted budgeted surplus per consolidated financial statements	<u>\$ (702,229)</u>

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2017

13 Contingencies

As at March 31, 2017, 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, 2017, 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.

14 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%

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,

	<u>2017</u>	<u>2016</u>
Total Assets	\$ 8,005,602	\$ 7,691,618
Total Liabilities	5,276,451	5,547,196
Net Assets	<u>\$ 2,729,151</u>	<u>\$ 2,144,422</u>
Total Revenues	\$ 1,131,080	\$ 1,186,775
Total Expenses	1,782,864	1,749,540
Annual Deficit	<u>\$ (651,784)</u>	<u>\$ (562,765)</u>

15 Comparative figures

Certain of the previous year comparative figures have been reclassified to conform to the current year consolidated financial statement presentation.

Town of Truro
Consolidated Schedule of Tangible Capital Assets

March 31

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Work in Progress	2017	2016
General capital									
Cost:									
Balance, beginning of year	\$ 9,717,444	\$ 1,471,041	\$ 41,110,693	\$ 60,584,134	\$ 10,367,763	\$ 1,694,141	\$ 5,921,113	\$ 130,866,329	\$ 128,569,598
Acquisition of capital assets	-	1,782,766	620,833	1,840,243	51,450	70,151	26,957	4,392,400	2,886,422
Work in progress	-	313,754	5,396,144	181,928	-	-	(5,891,826)	-	-
Disposition of capital assets	(154,979)	-	(231,205)	(136,346)	(1,011,304)	(7,673)	-	(1,541,507)	(589,691)
Balance, end of year	<u>9,562,465</u>	<u>3,567,561</u>	<u>46,896,465</u>	<u>62,469,959</u>	<u>9,407,909</u>	<u>1,756,619</u>	<u>56,244</u>	<u>133,717,222</u>	<u>130,866,329</u>
Accumulated amortization:									
Balance, beginning of year	-	346,526	8,629,931	27,701,940	6,372,509	1,271,915	-	44,322,821	40,685,378
Accumulated amortization on disposals	-	-	(202,369)	(110,888)	(998,947)	(7,673)	-	(1,319,877)	(351,294)
Annual amortization	-	252,704	1,177,433	2,082,288	624,904	165,682	-	4,303,011	3,988,737
Balance, end of year	<u>-</u>	<u>599,230</u>	<u>9,604,995</u>	<u>29,673,340</u>	<u>5,998,466</u>	<u>1,429,924</u>	<u>-</u>	<u>47,305,955</u>	<u>44,322,821</u>
Net book value of general capital	<u>\$ 9,562,465</u>	<u>\$ 2,968,331</u>	<u>\$ 37,291,470</u>	<u>\$ 32,796,619</u>	<u>\$ 3,409,443</u>	<u>\$ 326,695</u>	<u>\$ 56,244</u>	<u>\$ 86,411,267</u>	<u>\$ 86,543,508</u>
Water capital									
Cost:									
Balance, beginning of year	\$ 1,829,961	\$ -	\$ 11,223,643	\$ 8,923,017	\$ 3,612,707	\$ 684,396	\$ -	\$ 26,273,724	\$ 26,096,826
Acquisition of capital assets	-	-	-	680,020	-	25,522	-	705,542	998,166
Work in progress	-	-	-	-	-	-	-	-	-
Disposition of capital assets	-	-	-	(400)	-	(82,770)	-	(83,170)	(821,268)
Balance, end of year	<u>1,829,961</u>	<u>-</u>	<u>11,223,643</u>	<u>9,602,637</u>	<u>3,612,707</u>	<u>627,148</u>	<u>-</u>	<u>26,896,096</u>	<u>26,273,724</u>
Accumulated amortization:									
Balance, beginning of year	-	-	3,450,613	2,039,340	2,115,687	470,197	-	8,075,837	7,935,926
Accumulated amortization on disposals	-	-	-	(400)	-	(59,827)	-	(60,227)	(328,351)
Annual amortization	-	-	164,029	138,252	86,769	80,512	-	469,562	468,262
Balance, end of year	<u>-</u>	<u>-</u>	<u>3,614,642</u>	<u>2,177,192</u>	<u>2,202,456</u>	<u>490,882</u>	<u>-</u>	<u>8,485,172</u>	<u>8,075,837</u>
Net book value of water capital	<u>\$ 1,829,961</u>	<u>\$ -</u>	<u>\$ 7,609,001</u>	<u>\$ 7,425,445</u>	<u>\$ 1,410,251</u>	<u>\$ 136,266</u>	<u>\$ -</u>	<u>\$ 18,410,924</u>	<u>\$ 18,197,887</u>
Total net book value	<u>\$ 11,392,426</u>	<u>\$ 2,968,331</u>	<u>\$ 44,900,471</u>	<u>\$ 40,222,064</u>	<u>\$ 4,819,694</u>	<u>\$ 462,961</u>	<u>\$ 56,244</u>	<u>\$ 104,822,191</u>	<u>\$ 104,741,395</u>

Town of Truro

Consolidated Schedule of Long Term Debt

Year ended March 31, 2017

	Maturity Date	MFC Series #	Balance March 31, 2016	Issued	Redeemed	Balance March 31, 2017	Interest Rate
General Operating Fund							
Municipal Finance Corporation							
Hospital 2007	2017	27-A-1	\$ 660,000	\$ -	\$ 55,000	\$ 605,000	4.650% - 5.010%
Hospital 2008	2018	28-A-1	585,000	-	45,000	540,000	3.100% - 5.095%
Hospital 2009	2019	29-B-1	700,000	-	50,000	650,000	0.900% - 4.329%
Hospital 2010	2020	30-A-1	825,000	-	55,000	770,000	1.550% - 3.870%
			<u>2,770,000</u>	<u>-</u>	<u>205,000</u>	<u>2,565,000</u>	
General Capital Fund							
Municipal Finance Corporation							
Municipal building 2003	2018	23-A-1	1,144,000	-	143,000	1,001,000	2.750% - 5.375%
Municipal building/firehall 2005	2020	25-A-1	612,500	-	61,250	551,250	2.970% - 4.880%
Inglis Place 2007	2017	27-A-1	100,000	-	50,000	50,000	4.650% - 5.010%
Police Station 2007	2017	27-A-1	200,000	-	100,000	100,000	4.650% - 5.010%
PW Facility 2009	2019	29-A-1	1,162,875	-	83,063	1,079,812	1.000% - 4.889%
Stadium/RECC 2009	2019	29-B-1	700,000	-	50,000	650,000	0.900% - 4.329%
RECC 2011	2021	31-A-1	1,065,600	-	66,600	999,000	1.219% - 3.645%
RECC 2012	2022	32-A-1	2,975,000	-	175,000	2,800,000	1.636% - 3.480%
RECC 2012	2022	32-B-1	1,870,000	-	110,000	1,760,000	1.510% - 3.160%
RECC 2013	2028	33-A-1	900,000	-	51,300	848,700	1.330% - 3.489%
RECC 2013	2028	33-A-1	603,200	-	38,100	565,100	1.330% - 3.489%
RECC 2013	2023	33-B-1	1,440,000	-	80,000	1,360,000	1.285% - 3.614%
Fire Truck 2014	2024	34-A-1	450,000	-	50,000	400,000	1.245% - 3.347%
RECC 2014	2029	34-B-1	2,408,250	-	126,750	2,281,500	1.200% - 3.559%
Library 2015	2030	35-A-1	5,200,000	-	260,000	4,940,000	1.040% - 3.449%
Scotiabank							
Vehicle loan 2014	2018		20,066	-	8,600	11,466	0.000%
Finance Company							
Vehicle loan 2016	2019		-	28,426	7,475	20,951	4.990%
Vehicle loan 2016	2020		-	30,512	6,833	23,679	1.490%
			<u>20,851,491</u>	<u>58,938</u>	<u>1,467,971</u>	<u>19,442,458</u>	
Water Capital Fund							
Municipal Finance Corporation							
PW Facility 2009	2019	29-A-1	387,624	-	27,688	359,936	1.000% - 4.889%
Water Utility Dam 2009	2019	29-B-1	910,000	-	65,000	845,000	0.900% - 4.329%
Water Utility Dam 2010	2020	30-A-1	150,000	-	10,000	140,000	1.550% - 3.870%
			<u>1,447,624</u>	<u>-</u>	<u>102,688</u>	<u>1,344,936</u>	
			<u>\$ 25,069,115</u>	<u>\$ 58,938</u>	<u>\$ 1,775,659</u>	<u>\$ 23,352,394</u>	

Town of Truro
Consolidated Schedule of Segment Disclosure

Year ended March 31, 2017

	General Government	Protective	Transportation	Environmental Health	Public Health	Environmental Development	Recreation and Cultural	Rath Eastlink Community Centre	Water Utility	Consolidated
Revenue										
Assessable property taxes	\$ 3,638,080	\$ 5,212,824	\$ 4,175,759	\$ 1,914,208	\$ 86,754	\$ 664,891	\$ 2,926,058	\$ -	\$ -	\$ 18,618,574
Grants in lieu of taxes	154,253	221,021	177,050	81,162	3,678	28,191	124,064	-	-	789,419
Services provided to other governments	-	32,312	107,732	17,130	-	10,180	29,741	-	-	197,095
Sale of services	142,908	109,984	15,020	-	-	22,947	543,747	-	-	834,606
Other revenue from own sources	369,313	137,107	-	-	-	4,443	249,699	-	-	760,562
Rath Eastlink Community Centre	-	-	-	-	-	-	-	1,060,695	-	1,060,695
Unconditional transfers from government	1,361,271	-	-	-	-	-	-	-	-	1,361,271
Conditional transfers from government	-	504,767	1,287,751	-	-	-	919,444	-	219,400	2,931,362
Water revenues	-	-	-	-	-	-	-	-	3,701,417	3,701,417
	\$ 5,665,825	\$ 6,218,015	\$ 5,763,312	\$ 2,012,500	\$ 90,432	\$ 730,652	\$ 4,792,753	\$ 1,060,695	\$ 3,920,817	\$ 30,255,001
Expenditures										
Salaries, wages and benefits	\$ 1,389,054	\$ 5,772,676	\$ 2,101,716	\$ 229,897	\$ -	\$ 730,352	\$ 1,453,583	\$ 842,466	\$ 787,502	\$ 13,307,246
Operating materials and supplies	1,303,286	986,285	1,461,481	148,447	-	170,939	801,966	751,840	1,192,305	6,816,549
Contracted services	154,598	28,723	-	1,452,944	-	-	270,270	-	-	1,906,535
Rents and financial expenses	208,286	34,660	105,998	487,421	119,140	-	509,022	-	60,416	1,524,943
Community grants and exemptions	431,306	13,000	-	-	-	-	-	-	-	444,306
Post employment	901,119	-	-	-	-	-	-	-	-	901,119
Amortization	608,584	323,509	2,065,440	310,103	-	11,814	983,561	-	469,562	4,772,573
	\$ 4,996,233	\$ 7,158,853	\$ 5,734,635	\$ 2,628,812	\$ 119,140	\$ 913,105	\$ 4,018,402	\$ 1,594,306	\$ 2,509,785	\$ 29,673,271

Town of Truro
Consolidated Schedule of Segment Disclosure

Year ended March 31, 2016

	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health Services	Environmental Development Services	Recreation and Cultural Services	Rath Eastlink Community Centre	Water Utility	Consolidated
Revenue										
Assessable property taxes	\$ 2,874,771	\$ 5,090,121	\$ 4,161,901	\$ 2,121,674	\$ 91,870	\$ 708,294	\$ 2,665,616	\$ -	\$ -	\$ 17,714,247
Grants in lieu of taxes	129,310	228,959	187,207	95,435	4,132	31,860	119,902	-	-	796,805
Services provided to other governments	-	27,023	111,110	15,995	-	9,648	-	-	-	163,776
Sale of services	92,972	75,741	11,995	-	-	7,640	507,556	-	-	695,904
Other revenue from own sources	775,443	131,996	-	-	-	4,486	228,981	-	-	1,140,906
Rath Eastlink Community Centre	-	-	-	-	-	-	-	1,186,772	-	1,186,772
Unconditional transfers from government	1,363,794	-	-	-	-	-	-	-	-	1,363,794
Conditional transfers from government	-	501,776	1,305,396	-	-	-	93,588	-	143,524	2,044,284
Water revenues	-	-	-	-	-	-	-	-	3,693,902	3,693,902
	\$ 5,236,290	\$ 6,055,615	\$ 5,777,609	\$ 2,233,104	\$ 96,003	\$ 761,928	\$ 3,615,643	\$ 1,186,772	\$ 3,837,426	\$ 28,800,390
Expenditures										
Salaries, wages and benefits	\$ 1,409,915	\$ 5,625,463	\$ 2,139,506	\$ 328,198	\$ -	\$ 674,818	\$ 1,397,950	\$ 820,285	\$ 847,848	\$ 13,243,983
Operating materials and supplies	1,107,844	1,032,301	1,513,701	206,290	-	291,667	755,982	929,255	1,355,682	7,192,722
Contracted services	156,529	56,388	-	1,514,605	-	-	160,473	-	-	1,887,995
Rents and financial expenses	298,613	39,410	113,057	588,820	127,926	-	433,923	-	552,820	2,154,569
Community grants and exemptions	279,849	20,000	-	-	-	-	-	-	-	299,849
Post employment	404,501	-	-	-	-	-	-	-	-	404,501
Amortization	345,766	314,252	2,029,037	316,443	-	19,790	963,449	-	468,261	4,456,998
	\$ 4,003,017	\$ 7,087,814	\$ 5,795,301	\$ 2,954,356	\$ 127,926	\$ 986,275	\$ 3,711,777	\$ 1,749,540	\$ 3,224,611	\$ 29,640,617

SUPPLEMENTARY SCHEDULES

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

March 31

2017

2016

ASSETS

Receivables

Water rates (net of allowance - \$50,000; 2016 - \$50,000)	\$	916,082	\$	1,352,381
Other receivables		277,203		143,678
		1,193,285		1,496,059

Due from own funds, reserves, agencies

General operating fund		558,327		-
Water capital fund		-		178,296
		558,327		178,296

Prepaid expenses

		34,010		-
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Inventory not held for resale

		-		56,443
	\$	1,785,622	\$	1,730,798

LIABILITIES

Bank indebtedness	\$	321,883	\$	323,721
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Payables and accruals		55,918		88,502
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Due to own funds, reserves, agencies

General operating fund		-		203,931
Water capital fund		49,356		-
		427,157		616,154

SURPLUS

		1,358,465		1,114,644
	\$	1,785,622	\$	1,730,798

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

Year ended March 31

	2017		2016
	Budget	Actual	Actual
Operating revenue			
Metered sales	\$ 3,200,000	\$ 3,372,359	\$ 3,380,975
Flat rate sales	20,000	23,186	23,693
Public fire protection	857,304	857,304	857,304
Private fire protection	42,000	37,600	38,252
Sprinkler service	42,000	41,667	40,459
Miscellaneous	20,000	46,847	42,193
	<u>4,181,304</u>	<u>4,378,963</u>	<u>4,382,876</u>
Operating expenditures			
Power and pumping	222,100	130,303	136,028
Water treatment	953,000	1,085,168	1,126,177
Transmission and distribution	849,500	720,506	849,739
Administration and general	552,000	553,330	579,565
Depreciation	500,000	469,562	468,261
Taxes	720,000	713,558	714,855
	<u>3,796,600</u>	<u>3,672,427</u>	<u>3,874,625</u>
Operating income	<u>384,704</u>	<u>706,536</u>	<u>508,251</u>
Non-operating expenditures			
Debt charges			
Principal	103,000	102,688	102,688
Interest	70,000	60,416	64,402
Capital expenditures out of operations	200,000	299,611	318,564
	<u>373,000</u>	<u>462,715</u>	<u>485,654</u>
Excess of revenue over expenditures	<u>\$ 11,704</u>	<u>243,821</u>	<u>22,597</u>
Surplus, beginning of year		<u>1,114,644</u>	<u>1,092,047</u>
Surplus, end of year		<u>\$ 1,358,465</u>	<u>\$ 1,114,644</u>

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

March 31	2017	2016
Assets		
Cash	\$ 1,270,115	\$ 1,258,135
Receivable	233,753	143,525
Due from own funds, reserves, agencies		
Water operating fund	49,356	-
	<u>1,553,224</u>	<u>1,401,660</u>
Utility plant and equipment (Page 31)	<u>26,896,096</u>	<u>26,273,725</u>
	<u>\$ 28,449,320</u>	<u>\$ 27,675,385</u>
Liabilities		
Due to own funds, reserves, agencies		
Water operating fund	\$ -	\$ 178,296
Accumulated allowance for depreciation	8,485,172	8,075,837
Long Term Debt	<u>1,344,936</u>	<u>1,447,624</u>
	9,830,108	9,701,757
Investment in capital assets (Page 31)	<u>18,619,212</u>	<u>17,973,628</u>
	<u>\$ 28,449,320</u>	<u>\$ 27,675,385</u>

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

March 31	2017	2016
Tangible plant and equipment		
Land - Source of supply	\$ 1,829,961	\$ 1,829,961
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	7,875,994	7,196,374
Distribution equipment	299,956	299,956
Services	1,726,643	1,726,643
Meters	328,517	328,517
Hydrants	665,752	665,752
Office furniture and equipment	69,434	69,434
Transportation equipment	627,148	684,397
	<u>\$ 26,896,096</u>	<u>\$ 26,273,725</u>

Water Utility Capital Fund
Statement of Investment in Capital Assets

Year ended March 31	2017	2016
Balance, beginning of year	\$ 17,973,628	\$ 17,889,312
Capital contributions	219,400	143,524
Interest earned on depreciation funds	11,980	12,458
Term debt retired	102,688	102,688
Capital expenditures out of revenue	299,611	318,564
Gain (loss) on disposal of capital assets	11,905	(492,918)
	<u>645,584</u>	<u>84,316</u>
Balance, end of year	<u>\$ 18,619,212</u>	<u>\$ 17,973,628</u>