

Town of Truro



Annual Report

Year Ending March 31, 2011



Town of Truro Annual Report April 1, 2010 to March 31, 2011

Mayor's Office

Citizens of Truro, members of Town Council!

I am pleased to again give a report on a successful year in the Town of Truro! This past year your Mayor and Council have been extremely busy. One of the most satisfying comments we as members of Council receive from visitors who have visited in years past and since returned as well as former citizens who return home, is "How Great the Town looks and all of the positive changes!" That is a result of Great Work from Great Staff and Council who put in a great deal of effort into fixing, reviewing, planning, promoting, and visualizing about the future!

Some of the changes include new traffic flows from Young to Lorne Street, (appreciated by many drivers!), the opening of Willow Lofts (Meech/Moffat Developments) at the former Willow Street Elementary School, as well as the transformation of the former St. Mary's School on King Street (Meech Developments) into residential apartments currently taking place as I write. Two great heritage type developments, both projects-stunning! Downtown Truro's facade program is well underway with a very impressive upgrade to businesses in the downtown, over \$800,000 in improvements managed by the Downtown Truro Partnership. Work at the Colchester Legion Stadium is complete with new washrooms and electrical upgrades as well as inside roof /ceiling improvements. Future plans call for energy efficiency and heat recovery!

The Town was fortunate to receive the prestigious 2011 Award for Planning Excellence for Canada in the Rural/Small Town Planning category, a credit to the Director of Planning Jason Fox, staff and Council along with the Planning Advisory Committee, with consultant Mark Austin. I, along with Planning Director Jason Fox, accepted the award at a ceremony in St John's Newfoundland in July 2011! The value of Construction for the Town last year stood at about 15 million dollars. Not bad considering the economic climate we have experienced since 2008.

Our Residential tax rate increased by two cents, to \$1.75, and the Commercial tax rate increased two cents plus a further thirty-one cents to reflect lost revenue as a result of elimination of the business occupancy tax, to \$4.44. Operating Expenditures this past year were \$21 million compared to \$19 million the previous fiscal year!

Demolition of the Old Truro Junior High School is scheduled for May 2011 and there are very preliminary discussions with a developer for that location. A New residential sub-division is currently under construction by Ramar Construction, plus a second sub division by Meech Developments, both taking place off Upham Drive. Proposals for new residential developments are being considered for the top of Young Street by the Truro Industrial Development Society as the property is currently zoned future Industrial. A study will be conducted to determine highest and best use.

This years' budget provides 2.1 Million dollars in Public Works for Street reconstruction and sidewalk, sewer improvements. Capital expenditures for new equipment that will improve efficiency for Town Departments has been approved. Interestingly part of Public Works plan is for a monitoring system that will trace water loss in our pipe infrastructure and save us money.

Council is pleased that your Mayor, Mayor Bob Taylor of Colchester County and Chief Lawrence Paul of Millbrook First Nations, have met with the Minister of Transportation Bill Estabrooks in Hailfax about the proposed Hilden Overpass. The Province has approved a joint study with our three units to look at this project as opposed to the Onslow High Speed Interchange which was decided on by the department without consultation with local Government. It is our contention that the Hilden Overpass will have a greater impact on future development in our area which can open up to 2,000 acres of new land for development, plus a road to connect with Industrial Avenue for truck traffic. This will take a lot of pressure off the Connector Road for truck and car traffic when the New Civic Centre and Hospital open! Part of this initiative comes under the Atlantic Gateway Strategy and could lead to an inland Container Pier, if Port Melford should get up and running! MP Scott Armstrong has worked with us and has secured agreement from the Federal Government for the change in projects if the Province agrees and the study concludes the Overpass will position our area for stronger Economic Growth potential!

In closing I feel I could go on for a few more pages because of the strong position Truro has in this area and the co-operation with all of our partners in promoting our strengths for the benefit of our citizens. The Mayor's Roundtable discussions with citizens 39 years of age and under held last September to January of this year was a success in that it has encouraged and engaged young people to the potential in this region and their ability to stay and promote their agendas and secure a great life at home! They now have their own group and work with the Colchester Regional Development Agency to make their voices heard. Affordable Business Succession issues are a big concern for young business entrepreneurs. One Young former Truro Resident who lived in Alberta stated that her generation will make sacrifices to come home. They just need to know what they are coming home to! A good point that needs to be addressed. (Better PR!)

The New Farmers Market is scheduled for the Old Fire Hall the first Wednesday in June as part of the transition to it fully moving to that location permanently in the next year! Finally, the success of any Enterprise Public or Private is due in great measure to the people who make it work! Those people include Council, Staff, Investors, Business People and You the Citizen, who have the faith in Truro as the place "Where the Best New Opportunities Exist!"

Our responsibility in the next year will be operate and move towards sustainability as outlined in the Town's New Sustainability Plan! You would be well served to take the time to review the Town's Annual Report provided by each Town Department. I urge you, should you have any questions relating to the information enclosed in this report to contact any member of Council or Staff. They would be pleased to answer your questions about the Town of Truro Business and Operations!

As a joint owner in this Community of Truro, Thank You for the privilege of Serving You! I believe we should be Proud and Thankful for the advances made over the past year!

Yours Truly,
W.R. (Bill) Mills
Mayor of Truro



Town of Truro Annual Report April 1, 2010 to March 31, 2011

Finance Department

Mayor Mills and members of Town Council,

The Town of Truro General Operating Fund ended the year with a \$16,411 surplus. The Town's residential tax rate, at \$1.75, remains about average among the 31 towns in Nova Scotia, 15th among the 31 towns (prior year 15th), average \$1.75. Following are pie diagrams showing the major categories of operating revenues and operating expenditures. Also following is a list of municipal indicators, developed by Service Nova Scotia and Municipal Relations (SNSMR), showing a comparison to Town of Truro results from last year and to the average of all towns in Nova Scotia, as at March 31, 2009. A complete description of the municipal indicators is available on the SNSMR website at <http://www.gov.ns.ca/snsmr/muns/indicators/>.

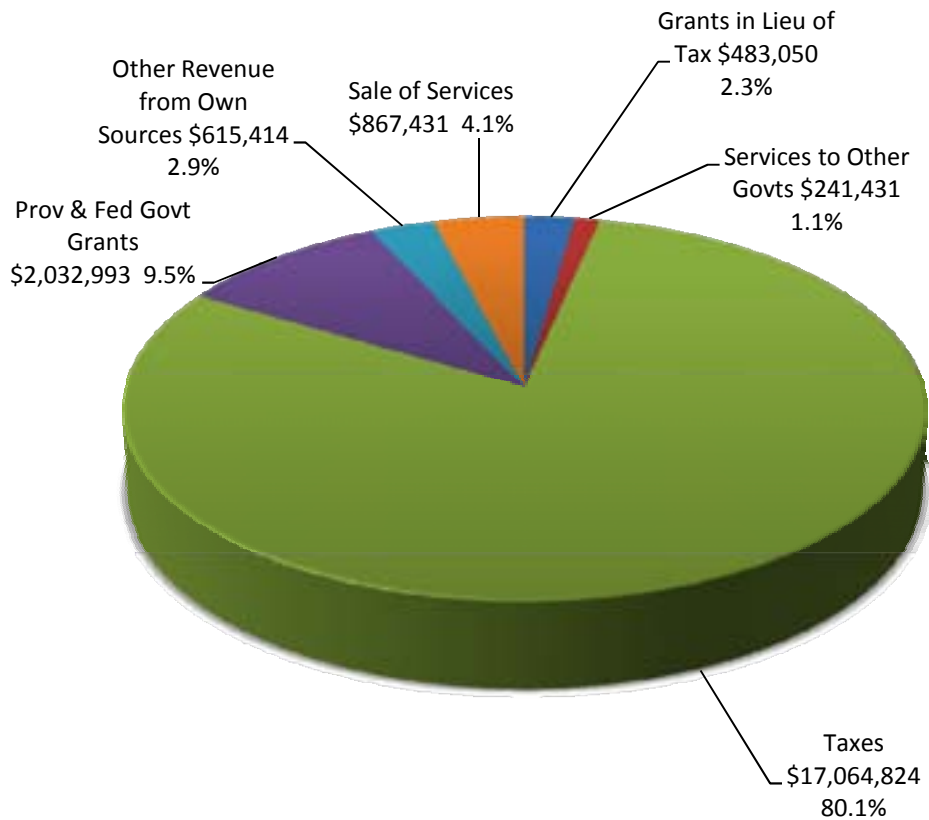
The Town of Truro Water Utility ended the year with a Rate of Return on Rate Base of .42% (prior year -1.53%). The Town continues to work at maintenance and infrastructure improvements in the Utility and compliance with Nova Scotia Department of Environment regulations, to ensure that citizens have clean, safe potable water. The Utility is using rates approved by the Nova Scotia Utility and Review Board through to the end of the 2012-13 fiscal year. Increases are scheduled for April 1, 2011 and April 1, 2012. The schedule of rates is available on the Town's website.

During the year, the Town's long term debt, and financing commitments to the Municipality of the County of Colchester for green project funding, decreased by \$265,000. This resulted from paying down existing debt and acquiring new debt for contributions to the new hospital. New debt to finance the Town's share of the Civic Centre Project will be incurred over the next two fiscal years. The Town of Truro has a Debt Service Ratio of 8.9% (prior year 9.5%), below the maximum considered acceptable by Service Nova Scotia and Municipal Relations.

Finance Office staff have completed a conversion of the main Finance Department computer programs to a new system. The new programs should result in better efficiencies within the Department and better service to the public.

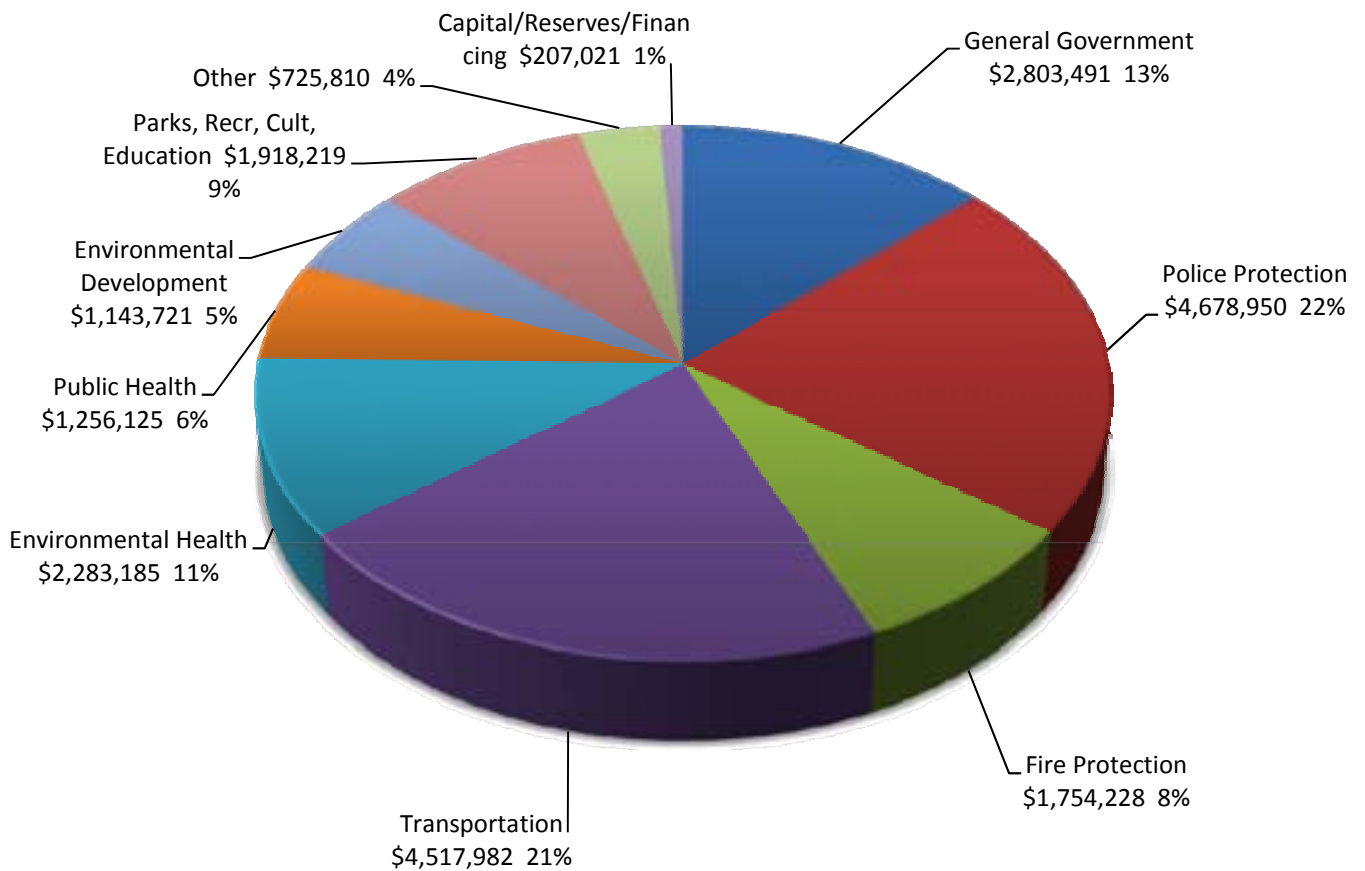
Respectfully Submitted,
Robert Putnam
Director of Finance

General Fund Operating Revenues
April 1, 2010 - March 31, 2011
Total = \$21,305,143



Taxes	
Residential	8,685,339
Commercial	9,754,169
Area Rates	246,542
Deed Transfer	299,504
Other	267,554
Less: Education Expenditure	(2,188,284)
	<u>17,064,824</u>

**General Fund Operating Expenditures
Financing and Transfers
April 1, 2010 - March 31, 2011
Total = \$21,288,732**



Town of Truro
Municipal Indicators
Service Nova Scotia & Municipal Relations

	Truro Mar 31/11	Truro Mar 31/10	SNSMR Towns Avg Mar 31/09
Taxes as a % of Total Revenue	76%	78%	72%
Transfers from other govts	8%	8%	10%
Residential Tax Burden	1,362	1,317	1,225
Uniform Assessment per Dwelling Unit	112,592	110,314	107,135
Mandatory Expenditures	21%	21%	19%
Expenditures per Dwelling Unit	3,681	3,794	3,586
Liquidity Ratio	1.04	1.05	1.13
Deficits last 5 years	0	0	2
Uncollected Taxes	5.8%	6.2%	9.0%
Reserves as a % of Expenditures	35%	30%	24%
Debt Service Ratio	8.9%	9.5%	6.9%
Debt Outstanding / Uniform Assessment	1.9%	2.0%	1.2%
Capital from Revenue	9.7%	9.5%	2.6%
Total Capital from Operating	25.7%	33.3%	9.5%
Increase in Uniform Assessment	14.2%	11.8%	14.0%
Commercial / Total Assessment	30.3%	33.0%	26.0%
Legislative per Capita	22.02	20.25	35.00
Administration per Capita	130.64	121.35	203.00
Police Service / \$1,000 Assessment	6.53	6.03	6.00
Police Service / Capita	397.70	358.12	278.00
Fire Service / \$1,000 Assessment	2.45	2.23	2.00
Fire Service / Capita	149.11	132.68	130.00

For a list of municipal indicators and their descriptions visit Service Nova Scotia and Municipal Relations
<http://www.gov.ns.ca/snsmr/muns/indicators/>



***Town of Truro
Annual Report
April 1, 2010 to March 31, 2011***

Police Service

Mayor Mills and members of Town Council,

It is with great pleasure that I submit the annual report of the Truro Police Service for the operating year of April 1 2010 to March 31, 2011. It has been another successful year for the Truro Police Service. This report will provide a snapshot of the hard work and dedication by all staff members of the Truro Police Service.

Our priority as a police service remains community safety and accountability. Our members work hard to ensure Truro remains a safe place to live, work, and visit. The Truro Police Service is committed to a safer community.

At this time I would also like to acknowledge the continued support and co-operation we receive from the Truro Police Board, and Truro Town Council. By working together we are making a difference in our community.

Respectfully submitted,
David MacNeil
Chief of Police

The Truro Police Service identified three strategic priorities for 2010-11. These priorities were identified through public consultation at our annual Town Hall meetings, neighborhood consultation meetings and from our own internal and external scan of calls for service and crime trends. The three priorities are as follows:

- Drug Enforcement and Education
- Traffic Education and Enforcement
- Increase Youth Education & Prevention Programs

Our drug strategy focused on criminal intelligence gathering, enforcement, community education, and partnerships. The Truro Police Service maintained officer presence in the schools through our two school resource officers.

Through partnerships made possible by funding from the Province of Nova Scotia the Truro Police Service provided an officer on secondment to the Criminal Intelligence Service of Nova Scotia. Together with a seconded RCMP officer, the Truro Office of C.I.S.N.S. operates out of the Truro Police Station. This local intelligence office provides a valuable service to all police agencies in Colchester County by targeting crime groups and gathering information on criminal activity in our area. This intelligence is then acted upon by our various enforcement units.

In addition to the above programs the Truro Police Service operates our own drug enforcement unit which consists of two full time drug investigators. The drug enforcement unit (D.E.U.) has been involved in numerous operations during 2010-11 and has worked hard to reduce the impact of illicit drugs in our community.

The second strategic priority for 2010-11 was identified as traffic enforcement and education. The Truro Police has a full time traffic services section, which is a full time dedicated traffic enforcement unit. The mandate of this section is traffic education and enforcement. These enforcement efforts are enhanced by all patrol officers who are also expected to enforce the Motor Vehicle Act and conduct traffic safety checkpoints. This year our goal is to increase traffic enforcement by patrol officers along with the Traffic Unit.

In an effort to increase road safety our patrol officers conducted safety and sobriety checkpoints to deter and detect impaired drivers and other motor vehicle violations. In 2010 we purchased a new speed timing portable radar trailer which will become an important part of our road safety program.

The third strategic priority for 2010-11 was to increase our Youth Education and Crime Prevention Programs. The Truro Police Service continued our Cyber Safety Program and enhanced the presentation. We have a new video introduction which was created, along with enhanced sound and light system which gives the presentation a professional look and feel. Our Cyber program was featured on the front page of the Canadian Police Association Express National Law Enforcement magazine. The Program also received extensive TV and print media coverage. In addition to Truro and area schools, the Truro Police Service has conducted Cyber presentations in Cumberland County, the South Shore, Enfield and Annapolis Valley. The success of this program is evident in the number of requests that we receive from other areas.



Town of Truro Annual Report April 1, 2010 to March 31, 2011

Fire Service

Mayor Mills and members of Town Council,

The Truro Fire Service continues to improve the operational structure, training, equipment and safety requirements of the Fire Service. Our accomplishments continue to be a result of creating a strong team. Council's support is appreciated by the Fire Service. The main focus of the Fire Service will be to complete the recommendations of the Office of the Fire Marshal's Report. We will continue to maintain the high standard of service we provide to the town with efforts going towards improving our service in the coming years.

The past year was another busy year in terms of emergency responses. The Truro Fire Service responded to a total of 420 alarms. The commitment by both the staff and volunteer members is always appreciated. Each year these individuals respond to emergencies and provide a high level of dedication in protecting our public. Thank you to all of those members who give so much.

During the year training opportunities allowed us to move forward in meeting our minimum level of training, and produced a strong move forward in the areas of: Officer Management, Front Line Fire Suppression, Communication and Teamwork. We also put in place minimum qualifications for our officers. A special thanks to the officers for the extra time and commitment they provided to insure they all meet the training required of an officer for the Truro Fire Service.

Equipment purchases during the year continues to improve our ability to address fire emergencies. Purchased items include the hose and the breathing apparatus to complete our three year capital project. We continued the process of standardizing our pagers and portable radios. We also continued with a replacement program for our older bunker gear and have implemented an inspection program to insure our bunker gear is safe.

Safety is always the number one priority of the Truro Fire Service; we continue to develop new fire department policies and guidelines to help ensure our members safety.

Community inquiries and concerns are addressed daily at the Fire Station. The staff regularly conducts public education sessions in response to community or safety issues when requested.

Our Fire Prevention Officer has completed between 120-130 fire inspections, not including follow ups, 10-15 fire investigations, maintaining his training and education on the changing codes, and between the fire inspector and staff they have conducted over 70 public education events.

The support of Council for the 12 year apparatus replacement program is appreciated, as the program is a huge step in ensuring that the apparatus is current and effective. The commitment to move forward in replacing the ladder truck will ensure that we have necessary equipment to provide reliable fire protection to our community.

In the coming year the Truro Fire Service will continue to move forward and remain responsible and accountable in all aspects of the Fire Service.

Respectfully submitted,
Blois Currie
Fire Chief



Town of Truro Annual Report April 1, 2010 to March 31, 2011

Public Works

Mayor Mills and members of Town Council,

2010-11 was the fourth year of Asset Management being incorporated into capital infrastructure planning in Engineering and Public Works. This was the third year that the Asset Management included a Street Rating System based on asphalt conditions and the street classifications. This once again allowed Council to set objective priorities and maintain a Five Year Capital plan based on the Asset Management during the Capital budget planning process.

Staying the course of the Street Asset Management Plan has been very beneficial to sustainability of the street infrastructure as well as to Council for public inquiries. The plan has allowed for the majority of the Arterial and Collector Streets to have been rehabilitated in previous years and most of the Local Collectors being done in 2009-10 and 2010-11. The combination of aggressive street capital and maintenance by Council in 2010-11 proved very beneficial, for the quality of our street conditions did not deteriorate after another hard winter. The program is enhancing the sustainability to the point that Local Streets will soon become as much a priority as Arterial and Collector Streets have been in the past.

Other major improvements in 2010-11 included the first full year of operation of the ortho-polyphosphate system at the Water Treatment Plant as a Corrosion Control program for the water distribution system.

Nineteen street segments under the Asset Management Plan consisting of 3049 metres (3.0km) were paved in 2010-11, these included: reconstruction and complete paving of; Brunswick St (Aberdeen-Martha), Burnyeat St (Adams-Centennial), King St (Arthur-Tracks), Pleasant St (Tracks-MacDonald) and (Fairview-Beechwood), as well as pavement overlays of; Brunswick St (Lyman-Wood) and (Martha-McLean), Charles St (Pleasant-Young), King St (MacDonald-Fairview), Pleasant St (Prince-Victoria) and (MacDonald-Fairview).

Sidewalk Construction in 2010-11 was prioritized by the Sidewalk Asset Management Plan. This marks the second year the sidewalks were constructed independent of street construction. The only sidewalks that were constructed in conjunction with the street construction were the streets that had sidewalks rating in the top 50 priority rank. Other sidewalks constructed in 2010-11 included 3 that were rated as high pedestrian safety ratings and others that rated high on sidewalk priority independent of street priorities.

Twelve sidewalk segments under the Sidewalk Asset Management Plan consisting of 2815 metres (2.8km) were constructed in 2010-11, these included: Charles St (Pleasant-Young, both sides), Golf St (various sections Prince-Smith, west side), Park St (Cross-Marshland, west side), Pleasant St (Charles-Beechwood, east side), and (Charles-MacDonald, west side), and curb and gutter was constructed on Fundy Dr (Upham-Cobequid).

As started in 2008-09 both sewer and water construction were limited to only work necessary to ensure infrastructure sustainability on the street construction streets in 2010-11. Sewer construction consisted of storm drain system on Burnyeat St (Adams-Centennial), sanitary sewer replacement on Braemar Ct, and sewer extension from Braemar through to un-serviced west end of MacDonald St. Water operations were totally focused on system operational improvements in 2010-11 with numerous hydrants and main valves replaced and repaired, numerous water services replaced on the capital project streets. 2010-11 also saw Phase IV of the water expansion into the Village of Bible Hill which consisted of 5754 metres (5.7km) of mains; 3015m on Pictou Rd, 1729m on East Court Rd, and 1010m on Hazel Dr.

The winter of 2010-11 saw very heavy snow falls in January and February with moderate conditions in the month of March. Similar to the hard winter of 2008-09 this led to expenditures 50% over budget, but unlike the hard winter of 2008-09 the moderate conditions of March kept the street asphalts in good condition. This combined with the annual commitment of Council to the Infrastructure Asset management Plan bodes the Town of Truro very well for the 2011-12 budget year.

Respectfully Submitted,
Andrew J. MacKinnon, P.Eng.
Director of Public Works



Town of Truro

Annual Report

April 1, 2010 to March 31, 2011

Planning Department

Mayor Mills and members of Town Council,

I am pleased to make the following report for 2010. The statistics presented are indicative of the development activity within the Town of Truro for the year.

I. Building & Development Permits

A development permit is issued for a change of use, new use, or reuse of an existing vacant space. The issuance of a development permit is not necessarily associated with a building permit. In 2010, 85 development permits were issued while 90 were issued in 2009. In 2010 there were 137 building permits issued while 116 building permits were issued in 2009. The following table shows all building and development permits issued in Truro broken down by the type of land use.

PERMITS ISSUED			
<i>Type</i>	<i>2009</i>	<i>2010</i>	<i>% Change</i>
Single Detached	74	58	-22%
Two Unit	3	5	66%
Multiple Unit	10	14	40%
Other Residential	20	20	0%
Commercial	36	61	69%
Industrial	5	3	-40%
Institutional/Government	5	6	20%
Temporary Signs	55	55	0%
TOTALS	206	222	7.8%

UNITS CREATED			
<i>Type</i>	<i>2009</i>	<i>2010</i>	<i>% Change</i>
Single Detached	33	17	-49%
Two Unit	6	4	-33%
Multiple Unit	57	96	68%
Other Residential	0	1	0%
Commercial	2	1	-50%
Industrial	0	0	0%
Institutional/Government	0	0	0%
TOTALS	98	119	21%

VALUE OF CONSTRUCTION

Type	2009	2010	% Change
Single Detached	\$6,366,667.00	\$2,476,101.00	-61%
Two Unit	\$515,000.00	\$405,700.00	-21%
Multiple Unit	\$4,366,850.00	\$7,631,200.00	75%
Other Residential	\$206,501.00	\$223,846.00	8%
Commercial	\$1,892,141.00	\$4,277,940.00	126%
Industrial	\$5,381,000.00	\$330,000.00	-94%
Institutional/Government	\$792,300.00	*\$176,206,100.00	22139%
TOTALS	\$19,520,459.00	\$191,508,887.00	881%

*\$175,000,000.00 is the construction cost of the new hospital.

II. Subdivision/Consolidation Approvals

In 2010 there were 13 subdivision approvals resulting in the creation of 5 lots. It should be noted that approvals include boundary adjustments and consolidations of lots.

Subdivision approvals resulted in \$1,740.00 of park land transfer cash in lieu in 2010.

III. Amendments

In 2010 Council approved a new Municipal Planning Strategy and Land Use By-law. The new Planning Documents came into force on October 15, 2010.

IV. Development Agreements

The following development agreements were approved in 2010:

DEVELOPMENT AGREEMENTS APPROVED IN 2010

Location	Applicant	Use
18 Willow Street	Willow Lofts	10 Unit Apartments/Office
171 King Street	Meech Holdings Ltd	26 Unit Apartment Building
16 Park Street	Ron Wallace Realty	Two Multiple Unit Apartment building consisting of 102 Units

V. Major Construction Projects – 2010

MAJOR CONSTRUCTION PROJECTS IN 2010

Location	Project	Value
600 Abenaki Rd	New Hospital	\$175,000,000.00
75 Coburg Crescent	42 Unit Apartment Building	\$3,000,000.00
427 Pleasant Street	35 Unit Apartment Building	\$2,800,000.00
18 Willow Street	10 Unit Apartment Building/Office	\$1,200,000.00
295 Young Street	Addition to Church	\$500,000.00
14 Lorne Street	Renovation to Stadium	\$772,300.00
160 Robie Street	Addition to existing retail	\$600,000.00
543 Willow Street	New Warehouse	\$250,000.00

Respectfully Submitted,
 Jason Fox,
 Director of Planning & Development



***Town of Truro
Annual Report
April 1, 2010 to March 31, 2011***

Parks, Recreation & Culture

Mayor Mills and members of Town Council,

The year 2010 was another busy and successful year for the Truro Parks, Recreation & Culture Department.

Phase 2 renovations were carried out at the Colchester Legion Stadium. This capital project included renovations to the public washrooms, the installation of an elevator and a number of energy savings initiatives which were implemented to reduce greenhouse gas emissions and to reduce facility energy costs.

The Town of Truro and Municipality of Colchester initiated a joint Regional Recreation Master Plan late in 2010. The plan will be completed in the spring of 2011 and it will provide direction with respect to open space planning and facility development to the respective Municipalities for years to come.

The Parks, Recreation & Culture Department moved in 2010 and is now located in the former Douglas Street School at 40 Douglas Street. This facility is being managed as a community recreation facility and has quickly become a centre of activity for the community.

Respectfully Submitted,
Doug MacKenzie
Director of Parks, Recreation and Culture



***Town of Truro
Annual Report
April 1, 2010 to March 31, 2011***

Truro Industrial Development Society

Mayor Mills and members of Town Council,

The Truro Industrial Park's prime, central location within the Halifax-Moncton growth corridor continued to attract solid interest from regional and national business entities this year. We are pleased to have been able to continue this trend in an economic recovery year. We are also looking forward to the success that will come from the province, county and Millbrook supporting our bid for a new exit into the south end of the industrial park.

This year, the Society negotiated a 10-acre land sale with Concreate USL, also known as Concreate Restoration Ltd, which operates as the Atlantic Canadian subsidiary of the main national firm. This company intends to begin construction by late-summer on their Eastern Regional Head Office here in Truro. The sale of this substantial property at the corner of Industrial Avenue and Barnhill Drive opens the door to developing the park's expansion lands, it was the last vacant, equal-sided lot in the park containing more than 4 acres.

We have been hearing from other buyers, who are expressing interest in similar acreages, and eagerly await our ability to service the designated expansion lands.

Another land transaction with Multispan Builders was finalized during the 2010-11 fiscal year. This tract of land will also be pivotal to that company's growth.

It's good to note that our marketing efforts through CoRDA have attracted a larger than usual number of inquiries since January of this year, with several expected to close in 2011-12.

The Society table welcomed CoRDA's Jody Mattie as that organization's business development director this year. We are also fortunate to have the direct participation of Mayor Bill Mills during our monthly sessions, and I will continue as your chair.

We will continue to meet each month in order to discuss future planning and opportunities for the Truro Industrial Park, as we weigh each option carefully to ensure the park remains a top business choice.

Respectfully Submitted,
Ray Merriam
Chair

TOWN OF TRURO

CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REPORT

MARCH 31, 2011

TOWN OF TRURO

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

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Consolidated Statement of Changes in Net Financial Assets	5
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COLLINS BARROW NOVA SCOTIA INC.

CHARTERED ACCOUNTANTS

Dale A. Saunders, CA, CBV
Myles W. Johnson, CATELEPHONE (902) 895-7480
FAX (902) 895-7499
18 Willow Street, Suite 204
Truro NS B2N 4Z4
www.collinsbarrow.com**AUDITORS' REPORT**To the Mayor and Members of Council of the
Town of Truro**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the Town of Truro, which comprise the consolidated statement of financial position as at March 31, 2011 and the consolidated statements of financial activities, changes in financial position and changes in net financial assets 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.

Auditors' Responsibility

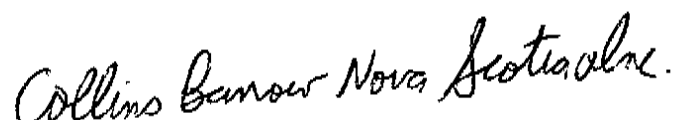
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 auditors' 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 entity'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 entity'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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Truro as at March 31, 2011 and the results of its financial activities, changes in its financial position and changes in its net financial assets for the year then ended in accordance with Canadian public sector accounting standards.


Truro, Nova Scotia
June 27, 2011

Chartered Accountants

TOWN OF TRURO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$1,400,390	\$2,183,003
Receivables		
Taxes and rates (net of asset valuation allowances)	1,797,979	1,691,730
Other (net of asset valuation allowances)	3,844,870	2,144,296
Long-term investments and restricted funds, at cost	8,269,265	7,099,304
Investment in government business enterprises	1,996,234	1,105,354
	<u>17,308,738</u>	<u>14,223,687</u>
LIABILITIES		
Payables and accruals	2,749,776	2,199,329
Tax sale surplus	69,394	69,394
Short-term borrowing		200,000
Long-term debt (note 5)	13,996,765	13,677,199
Post employment benefits liability (note 6)	846,509	563,159
	<u>17,662,444</u>	<u>16,709,081</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>(353,706)</u>	<u>(2,485,394)</u>
NON-FINANCIAL ASSETS		
Land and servicing costs (note 7)	831,860	943,827
Capital assets, net of accumulated amortization (note 8)	82,375,971	78,310,917
Inventory for consumption	583,185	542,259
Prepaid expenses	124,184	182,741
	<u>83,915,200</u>	<u>79,979,744</u>
ACCUMULATED SURPLUS	<u><u>\$83,561,494</u></u>	<u><u>\$77,494,350</u></u>

ON BEHALF OF THE TOWN

_____, Mayor

_____, Chief Administrative Officer

TOWN OF TRURO
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
REVENUE		
Assessable property taxes (net of school board appropriation)	\$ 16,317,894	\$ 15,813,111
Grants in lieu of taxes	483,050	475,656
Services provided to other governments	241,431	150,717
Sale of services	3,737,345	3,343,412
Other revenue from own sources	1,177,069	1,302,585
Unconditional transfers from other governments	1,184,283	1,136,214
Conditional transfers from other governments	<u>6,307,236</u>	<u>3,163,403</u>
TOTAL REVENUE	<u>29,448,308</u>	<u>25,385,098</u>
EXPENDITURES		
General government services	3,001,588	2,721,100
Protective services	6,521,563	6,236,682
Transportation services	4,513,937	4,358,701
Environmental health services	2,282,589	2,654,549
Public health services	1,256,125	855,909
Environmental development services	1,026,721	997,455
Recreation and cultural services	1,901,256	1,850,552
Water transmission and distribution	<u>2,877,385</u>	<u>2,781,317</u>
TOTAL EXPENDITURES	<u>23,381,164</u>	<u>22,456,265</u>
ANNUAL SURPLUS	6,067,144	2,928,833
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>77,494,350</u>	<u>74,565,517</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>\$ 83,561,494</u></u>	<u><u>\$ 77,494,350</u></u>

TOWN OF TRURO
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 6,067,144	\$ 2,928,833
Change in non-cash items		
Amortization	3,237,910	3,022,714
Taxes and rates receivable (net of valuation allowances)	(106,249)	391,113
Other receivables (net of valuation allowances)	(1,700,574)	(56,993)
Payables and accruals	550,447	1,802
Tax sale surplus	-	29,284
Post employment benefits liability	283,350	316,997
	<u>8,332,028</u>	<u>6,633,750</u>
CAPITAL TRANSACTIONS		
Acquisition of capital assets	(7,375,287)	(8,271,069)
Proceeds from sale of capital assets	26,025	56,302
Loss (gain) on sale of capital assets	46,298	102,683
Change in inventory for consumption and prepaid expenses	17,631	(188,155)
Change in land and servicing costs	111,967	(4,997)
	<u>(7,173,366)</u>	<u>(8,305,236)</u>
FINANCING ACTIVITIES		
Issuance of short-term borrowing		200,000
Issuance of long-term debt	1,300,000	5,515,000
Repayment of short-term borrowing	(200,000)	(1,343,652)
Repayment of long-term debt	(980,434)	(954,683)
	<u>119,566</u>	<u>3,416,665</u>
INVESTING ACTIVITIES		
Change in long-term investments and restricted funds	(1,169,961)	235,548
Change in investment in government business enterprises	(890,880)	(376,979)
	<u>(2,060,841)</u>	<u>(141,431)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(782,613)	1,603,748
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,183,003</u>	<u>579,255</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,400,390</u>	<u>\$ 2,183,003</u>

TOWN OF TRURO
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (NET DEBT)
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
ANNUAL SURPLUS	<u>\$ 6,067,144</u>	<u>\$ 2,928,833</u>
Acquisition of tangible capital assets	(7,375,287)	(8,271,069)
Amortization of tangible capital assets	3,237,910	3,022,714
Loss (gain) on sale of tangible capital assets	46,298	102,683
Proceeds on sale of tangible capital assets	26,025	56,302
Change in land and servicing costs	<u>111,967</u>	<u>(4,997)</u>
	<u>(3,953,087)</u>	<u>(5,094,367)</u>
Acquisition of inventory	(583,185)	(542,259)
Acquisition of prepaid expenses	(124,184)	(182,741)
Consumption of inventory	542,259	465,554
Use of prepaid expenses	<u>182,741</u>	<u>71,291</u>
	<u>17,631</u>	<u>(188,155)</u>
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	2,131,688	(2,353,689)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>(2,485,394)</u>	<u>(131,705)</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u><u>\$ (353,706)</u></u>	<u><u>\$ (2,485,394)</u></u>

TOWN OF TRURO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

1. STATUS AND NATURE OF ACTIVITIES

The Town, incorporated under an act to incorporate the Town of Truro, operates the activities of the Town of Truro through the General Operating Fund, Water Utility and Truro Industrial Development Society as disclosed below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) PRINCIPLES AND BASIS OF CONSOLIDATION

The consolidated financial statements of the Town of Truro (the "Town") are the representations of management, prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Town and the changes thereto. The consolidated financial statements include the accounts of the Town of Truro, the Water Utility and the Truro Industrial Development Society.

b) BASIS OF ACCOUNTING

The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are recognized in the period the goods and services were acquired and a liability is incurred or transfers are due.

c) FUND ACCOUNTING

The Town has separate funds for operating, capital and reserves. Transfers between funds are recorded as adjustments to the appropriate equity account.

d) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from the estimates.

e) FINANCIAL INSTRUMENTS

Financial instruments consisting of cash, receivables, long-term investments, payables and long-term debt are carried at cost which approximates fair market value.

f) GOVERNMENT TRANSFERS

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the period that the transfers are authorized, any eligibility criteria have been met by the Town, and reasonable estimates of the amounts can be made.

TOWN OF TRURO
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 2011

g) INVENTORIES

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

h) TANGIBLE CAPITAL ASSETS

During the previous fiscal year, the Town adopted Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook which came into effect on January 1, 2009. Amortization is being recorded as an expense and is calculated on a straight-line basis over an asset's estimated useful life.

The Town records depreciation in the Water Utility Operating Fund which is calculated based on a formula prescribed by the Nova Scotia Utility and Review Board. The depreciation charge in the Water Utility which is not used to fund current additions to capital assets, is transferred to a special bank account in the Water Utility Capital Fund which is used to help fund replacement of existing plant and equipment.

i) LAND AND SERVICING COSTS

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 are capitalized and will be transferred to property and equipment when deeded to the Town of Truro.

j) ALLOCATION OF MUNICIPAL COSTS OF WATER UTILITY FUNDS

Costs incurred by the Town of Truro on behalf of the water utility are charged to the utility funds. Salary and wage related costs are allocated in proportion to time spent performing functions on behalf of the water utility.

k) TRUST FUNDS

The trust funds being administered by the Town are not consolidated with the accounts of the Town. As at March 31, 2011, the book value of the equity in trust funds under its trusteeship amounted to \$388,268 (2010 - \$400,683).

3. 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 formula.

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 \$79,940 (2010 - \$67,975) to the Regional Library for costs of operation of the Truro branch of the Regional Library.

CONTRIBUTION TO TRURO HOUSING AUTHORITY - 12 1/2% INTEREST

During the year, the Town paid \$67,434 (2010 - \$65,566) to the Truro Housing Authority to fund its share of the prior year's deficit.

TOWN OF TRURO
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 2011

4. CONTRIBUTION TO PROVINCIAL GOVERNMENT DEPARTMENTS AND AGENCIES

The Town of Truro 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.

EDUCATION CONTRIBUTION

During the year, the Town paid \$2,188,284 (2010 - \$2,226,408) to the Chignecto-Central Regional School Board, based on the mandatory municipal education rate times the Town of Truro's uniform assessment.

CORRECTIONS CONTRIBUTION

During the year, the Town paid \$179,852 (2010 - \$226,232) to the Province of Nova Scotia for corrections services, based on formula involving the Town's uniform assessment and number of dwelling units.

ASSESSMENT SERVICES CONTRIBUTION

During the year, the Town paid \$166,897 (2010 - \$168,100) to the Province of Nova Scotia for assessment services, based on formula involving the Town's uniform assessment and number of assessment accounts.

5. LONG-TERM DEBT

	<u>2011</u>	<u>2010</u>
Capital loan - Victoria Park Pool, maturing in 2015	\$ 120,000	\$ 150,000
Capital loan - Downtown Revitalization, maturing in 2018	350,000	400,000
Capital loan - Police Station, maturing in 2018	700,000	800,000
Capital loan - building reconstruction, maturing in 2022	1,214,766	1,325,199
Capital loan - Municipal Building, maturing in 2024	1,859,000	2,002,000
Capital loan - building construction, maturing in 2026	1,468,750	1,640,000
Capital loan - Hospital construction, maturing in 2028	935,000	990,000
Capital loan - Hospital construction, maturing in 2029	810,000	855,000
Capital loan - Public Works Facility construction, maturing in 2030	1,578,187	1,661,250
Capital loan - Stadium / Civic Centre construction, maturing in 2030	950,000	1,000,000
Capital loan - Hospital Construction, maturing in 2030	950,000	1,000,000
Capital loan - Public Works Facility construction, maturing in 2030	526,062	553,750
Capital loan - Dam Revitalization, maturing in 2030	1,235,000	1,300,000
Capital loan - Dam Revitalization, maturing in 2031	200,000	
Capital loan - Hospital Construction, maturing in 2031	1,100,000	
	<u>\$ 13,996,765</u>	<u>\$ 13,677,199</u>

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

2012, \$1,045,434; 2013, \$1,045,434; 2014, \$1,045,434; 2015, \$1,045,434; 2016, \$1,015,434

All long-term debt outstanding has been properly authorized by Service Nova Scotia and Municipal Relations. Debenture debt is issued on the credit and security of the town at large.

TOWN OF TRURO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

6. POST EMPLOYMENT BENEFITS LIABILITY

The Town provides certain post employment benefits to employees upon approved retirement. The Town provides benefits for sick leave under the following conditions:

- a) All full-time and union employees receive 1 1/2 days of sick leave per month.
- b) Sick leave can be used only for paid time off for illness of the employee. Sick leave taken off in time is paid at the employee's normal rate of pay.
- c) Unused sick days are accumulated in a bank to a maximum of 1,040 hours.

This obligation is being charged to operations from 2009 to 2012. Valuation of the liability is determined by calculating the benefit earned by each employee with a discount factor of 5%.

	<u>2011</u>	<u>2010</u>
Accrued benefit liability - opening	\$ 1,126,319	\$ 984,648
Net change in benefit obligation	<u>2,359</u>	<u>141,671</u>
Accrued benefit liability - closing	1,128,678	1,126,319
Less: amounts to be recovered from future years	<u>(282,169)</u>	<u>(563,160)</u>
Accrued liability portion	<u>\$ 846,509</u>	<u>\$ 563,159</u>

7. LAND - TRURO INDUSTRIAL PARK

	<u>2011</u>	<u>2010</u>
Balance, beginning	\$ 943,827	\$ 938,830
Land purchased during the year	-	\$ 33,900
Land sold during the year	<u>(111,967)</u>	<u>(28,903)</u>
Balance, ending	<u>\$ 831,860</u>	<u>\$ 943,827</u>

8. PROPERTY AND EQUIPMENT, AT COST

	<u>2011</u>	<u>2010</u>
Land and buildings	\$ 44,648,601	\$ 40,090,968
Machinery and equipment	10,183,621	9,735,292
Street paving, sewage collection and other improvements	54,187,705	52,685,285
Other	<u>8,912,321</u>	<u>8,710,773</u>
	117,932,248	111,222,318
Less: accumulated amortization	<u>35,556,277</u>	<u>32,911,401</u>
	<u>\$ 82,375,971</u>	<u>\$ 78,310,917</u>

TOWN OF TRURO
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 2011

9. DEFERRED PENSION LIABILITY

Pension Plan for the Employees of the Town of Truro

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. The last actuarial report was completed as at December 31, 2007 (previous December 31, 2005).

The actuarial report indicates that the present value of the accumulated plan benefit at December 31, 2007 was \$12,663,900. The net assets available to provide for these benefits, at market value, at December 31, 2007 amounted to \$12,865,000. The significant actuarial assumptions adopted in measuring the Town's accrued benefit obligations are as follows: discount rate 6%; expected long-term rate of return on plan assets 6%.

	<u>2011</u>	<u>2010</u>
Deferred pension liability - opening	\$ 557,893	\$ 841,502
Town's share of 2009 PANS solvency deficiency	344,407	
Decrease in deferred liability due to funding	<u>(281,634)</u>	<u>(283,609)</u>
Deferred pension liability - closing	620,666	557,893
Less: amounts to be recovered from future years	<u>(620,666)</u>	<u>(557,893)</u>
Accrued liability portion	<u>\$ -</u>	<u>\$ -</u>

Pension Plan for Town of Truro Members of the Police Association of Nova Scotia (PANS) Pension Plan

During the year, the Town was assigned the unfunded liability for its share of the PANS solvency deficiency arising from the actuarial report completed as of September 30, 2009.

During the 2008-09 fiscal year, the Town was assigned the unfunded liability for its share of the PANS Pension Plan for Locals 101 and 211, for which a long term loan was issued. Interest and principal debt servicing charges to retire this loan will be recovered from and paid over the next eight years.

	<u>2011</u>	<u>2010</u>
Long term loan payable related to PANS pension plan - opening	\$ 928,404	\$ 1,031,560
Decrease in loan payable	<u>(103,156)</u>	<u>(103,156)</u>
Long term loan - closing	825,248	928,404
Less: amounts to be recovered from future years	<u>(825,248)</u>	<u>(928,404)</u>
Accrued liability portion	<u>\$ -</u>	<u>\$ -</u>

Contributions and expenses incurred regarding the Town's defined benefit plan and the Town's share of the PANS plan are as follows:

	<u>2011</u>	<u>2010</u>
Employer contribution	\$ 977,886	\$ 503,099
Employee contributions	529,632	304,020
Benefits paid (Town defined benefit plan only)	440,374	420,245

TOWN OF TRURO
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 2011

10. RESERVE FUNDS

	<u>2011</u>	<u>2010</u>
Balance, beginning consisting of:		
Special reserves	\$ 3,383,084	\$ 3,000,000
Departmental reserves	1,297,987	1,834,621
Other reserves	2,186,921	2,353,003
Industrial Development Society capital reserve	<u>231,312</u>	<u>147,228</u>
	7,099,304	7,334,852
Transfer from operating funds	1,336,367	724,030
Other transfers	933,918	979,084
Interest on inter-municipal fund borrowings	148,854	171,507
Interest on investments and savings	6,889	14,406
Cash in lieu of recreation land	1,740	3,702
Transfer to capital funds	(1,048,405)	(1,469,746)
Transfer to operating funds	<u>(209,402)</u>	<u>(658,531)</u>
Balance, ending	<u>\$ 8,269,265</u>	<u>\$ 7,099,304</u>
Balance, ending consists of:		
Special reserves	\$ 3,420,371	\$ 3,383,084
Departmental reserves	1,948,352	1,297,987
Other reserves	2,467,304	2,186,921
Industrial Development Society capital reserve	<u>433,238</u>	<u>231,312</u>
	<u>\$ 8,269,265</u>	<u>\$ 7,099,304</u>

11. INVESTMENT IN LAND AND SERVICES (TRURO INDUSTRIAL PARK)

	<u>2011</u>	<u>2010</u>
Balance, beginning	\$ 943,827	\$ 938,830
Land purchased during the year	-	33,900
Land sold during the year	<u>(111,967)</u>	<u>(28,903)</u>
Balance, ending	<u>\$ 831,860</u>	<u>\$ 943,827</u>

On April 19, 1981 the Society (formerly Truro Industrial Commission) entered into an agreement with the Province of Nova Scotia for the development of land owned by the Society (formerly Commission). Under amendments to this agreement in 1987 and 1994, the Society will deposit the proceeds from the sale of the majority of land within the industrial park into a special trust account to be reinvested in the industrial park. As at March 31, 2011, the Truro Industrial Development Society has allocated to a special trust account \$433,238 (2010 - \$231,312) pursuant to this agreement. During the year, nil (2010 - \$33,900) was transferred to the Society Operating Fund for the purchase of land in the Industrial Park.

TOWN OF TRURO
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 2011

12. COMMITMENTS

The Town of Truro has committed to contributing \$4,100,000 to the new Colchester Regional Hospital project, on a percentage of completion basis. To March 31, 2011 the Town has contributed \$2,301,235 to this project.

The Town of Truro has committed to contributing \$10,560,000 (estimated to be 40% of the Municipal share) to the new Civic Centre project, in cooperation with the Municipality of the County of Colchester (60% of the Municipal share).

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

<u>Project</u>	<u>Town's initial share</u>	<u>Town's initial share of capital cost</u>	<u>Town's Share of financial commitment March 31, 2011</u>
a) Phase 3 Trunk Line Sewer Project	50%	\$ 2,300,000	\$ 124,000
b) Phase 4B Regional Sewage Treatment Plant	50%	2,250,000	675,000
c) Regional Balefill Facility	33.23%	2,658,400	574,500
d) Phase 4C and 4D Regional Wastewater Facility	50%	<u>1,950,000</u>	<u>570,500</u>
		<u>\$ 9,158,400</u>	<u>\$ 1,944,000</u>

During the year, the Town paid a total of \$477,921 (2010 - \$495,675) to the County of Colchester as their share of the joint financing commitments for these projects. This expenditure is recorded under Environmental Health Services \$93,921 (2010 - \$111,675) and Financing and Transfers \$384,000 (2010 - \$384,000).

The amounts to be paid to the County of Colchester over future years are as follows:

2012	\$ 465,884
2013	448,292
2014	370,319
2015	355,935
2016 to 2017	<u>554,526</u>
	2,194,956
Less: interest component	<u>250,956</u>
Principal component	<u>\$ 1,944,000</u>

The Town has commitments under operating leases over the next five years as follows:

For the year ending March 31, 2012	\$ 68,491
2013	43,833
2014	32,569
2015	16,896
2016	1,615

TOWN OF TRURO
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 2011

13. CONTINGENCIES

As at March 31, 2011, there are several disputed matters, which the Town is defending and believes their defence will be successful.

14. REMUNERATION OF COUNCIL MEMBERS

W.R. Mills	Mayor	\$	32,787
B. Kinsman	Deputy Mayor		19,515
R. Tynes	Councillor		20,702
D. Bennett-Cook	Councillor		18,925
S. Byers	Councillor		18,925
C. Cox	Councillor		18,925
G. MacArthur	Councillor		18,925

TOWN OF TRURO

NON-CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REPORT

MARCH 31, 2011

TOWN OF TRURO

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YEAR ENDED MARCH 31, 2011

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COLLINS BARROW NOVA SCOTIA INC.

CHARTERED ACCOUNTANTS

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FAX (902) 895-7499
18 Willow Street, Suite 204
Truro NS B2N 4Z4
www.collinsbarrow.com**AUDITORS' REPORT**To the Mayor and Members of Council of the
Town of Truro**Report on the Non-Consolidated Financial Statements**

We have audited the accompanying non-consolidated financial statements of the Town of Truro, which comprise the non-consolidated Operating Fund and non-consolidated Capital Fund statements of financial position of the General Fund, the Water Utility and Reserve Funds as at March 31, 2011 and the non-consolidated statements of financial activities for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

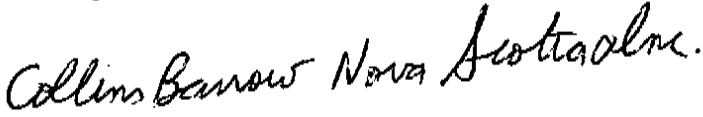
Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-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 entity'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 non-consolidated financial statements.

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

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of the Town of Truro as at March 31, 2011 and the results of its financial activities for the year then ended in accordance with Canadian public sector accounting standards.

Truro, Nova Scotia
June 27, 2011


Chartered Accountants

TOWN OF TRURO
 GENERAL FUND
 NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GENERAL OPERATING FUND
 MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
RECEIVABLES:		
Taxes (note 4)	\$ 1,088,716	\$ 1,137,621
Due from federal government	538,803	164,790
Due from provincial government	753,137	223,915
Due from own funds (note 6)	14,054	
Other receivables (note 5)	<u>2,456,946</u>	<u>1,392,349</u>
	<u>4,851,656</u>	<u>2,918,675</u>
LIABILITIES		
Bank overdraft	1,151,287	173,505
Trade accounts payable	2,547,324	1,853,473
Due to own funds (note 6)		60,127
Prepaid taxes	104,953	109,922
Deferred revenue and deposits	26,604	12,997
Tax sale surplus (note 7)	69,394	69,394
Post employment benefits liability (note 8)	<u>750,472</u>	<u>509,600</u>
	<u>4,650,034</u>	<u>2,789,018</u>
NET FINANCIAL ASSETS	201,622	129,657
NON-FINANCIAL ASSETS		
Prepaid expenses	71,238	132,532
Inventory of materials and supplies, at cost	<u>369,167</u>	<u>363,427</u>
ACCUMULATED SURPLUS	<u>\$ 642,027</u>	<u>\$ 625,616</u>

ON BEHALF OF THE TOWN

_____, Mayor

_____, Chief Administrative Officer

TOWN OF TRURO
GENERAL FUND
NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE GENERAL OPERATING FUND
YEAR ENDED MARCH 31, 2011

		2011		2010
	Page	UNAUDITED BUDGET	ACTUAL	ACTUAL
REVENUE				
Assessable property taxes	B- 4	\$ 16,961,100	\$17,064,824	\$16,522,357
Grants in lieu of tax	B- 4	442,000	483,050	475,656
Services provided to other governments	B- 4	171,500	241,431	150,717
Sales of services	B- 5	892,200	867,431	892,485
Other revenue from own sources	B- 5	457,500	615,414	714,967
Unconditional transfers from other governments	B- 5	1,116,900	1,184,283	1,136,214
Conditional transfers from other governments	B- 6	816,280	848,710	816,855
		<u>20,857,480</u>	<u>21,305,143</u>	<u>20,709,251</u>
EXPENDITURES				
General government services	B- 7	2,694,131	2,803,491	2,580,752
Protective services	B- 7	6,978,787	7,114,787	6,514,581
Transportation services	B- 8	4,369,403	4,517,982	4,273,533
Environmental health services	B- 8	2,254,012	2,283,185	2,181,039
Public health services	B- 8	1,639,519	1,256,125	755,909
Environmental development services	B- 9	1,212,367	1,143,721	1,129,104
Recreational and cultural services	B- 9	2,109,313	1,918,219	1,862,658
Change in post employment benefits liability (note 8)			(18,572)	124,801
Change in deferred pension liability (note 9)			62,773	(283,609)
		<u>21,257,532</u>	<u>21,081,711</u>	<u>19,138,768</u>
ANNUAL SURPLUS (DEFICIT)		(400,052)	223,432	1,570,483
FINANCING AND TRANSFERS				
Financing	B-10	(274,902)	(274,902)	1,211,672
Amounts to be recovered from future revenues	B-10	(225,000)	(196,670)	(444,809)
Transfer from (to) own reserves and funds	B-10	899,954	264,551	(2,324,444)
CHANGE IN SURPLUS		<u>\$ -</u>	16,411	12,902
BEGINNING SURPLUS			<u>625,616</u>	<u>612,714</u>
ENDING SURPLUS			<u>\$ 642,027</u>	<u>\$ 625,616</u>

TOWN OF TRURO
GENERAL FUND
NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND REVENUES
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
ASSESSABLE PROPERTY TAXES		
Assessable property		
Residential	\$ 8,685,339	\$ 8,307,671
Commercial	9,590,727	8,784,480
Resource and recreational	19,142	17,951
Area rates	246,542	244,217
Business property		
Business occupancy	163,442	824,080
Based on revenues - Aliant	135,276	142,726
Nova Scotia Power Inc - Grant in lieu of tax	19,189	19,417
Nova Scotia Power Inc - HST rebate	93,947	81,917
Deed transfer tax	299,504	326,306
Education expenditures as a reduction of tax revenue		
Appropriation to regional school board	<u>(2,188,284)</u>	<u>(2,226,408)</u>
	<u>\$ 17,064,824</u>	<u>\$ 16,522,357</u>
 GRANTS IN LIEU OF TAX		
Federal government	\$ 398,730	\$ 397,367
Province of Nova Scotia		
Provincial property	45,598	44,631
Fire protection	<u>38,722</u>	<u>33,658</u>
	<u>\$ 483,050</u>	<u>\$ 475,656</u>
 SERVICES PROVIDED TO OTHER GOVERNMENTS		
County of Colchester		
Protective services	\$ 35,101	\$ 7,000
Environmental health	39,058	30,992
Village of Bible Hill		
Fire protection	78,122	45,000
Millbrook First Nations		
Municipal services	80,650	60,225
Town of Stewiacke		
Building Inspector	<u>8,500</u>	<u>7,500</u>
	<u>\$ 241,431</u>	<u>\$ 150,717</u>

TOWN OF TRURO
 GENERAL FUND
 NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND REVENUES
 YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
SALES OF SERVICES		
General government services	\$ 2,875	\$ 4,015
Protective services	151,115	131,125
Transportation services	4,645	5,582
Environmental development services	22,791	19,477
Recreation and cultural services		
Stadium	511,801	552,924
Victoria Park Pool	47,468	47,619
Sportsfields	5,071	5,891
Other recreation	121,665	125,852
	<u>\$ 867,431</u>	<u>\$ 892,485</u>
OTHER REVENUE FROM OWN SOURCES		
Licenses and permits	\$ 4,688	\$ 2,833
Fines	182,179	131,307
Rentals	7,500	17,587
Return on investments	223,850	185,374
Interest on taxes	186,042	210,986
Colchester Community Workshops Foundation - debt servicing		166,880
Miscellaneous	11,155	
	<u>\$ 615,414</u>	<u>\$ 714,967</u>
UNCONDITIONAL TRANSFERS FROM OTHER GOVERNMENTS		
Provincial Government		
Service Nova Scotia and Municipal Relations		
Municipal Grants Act - Equalization	\$ 1,154,664	\$ 1,096,000
Municipal Government Act - Farm property acreage	961	958
Other provincial		
Resource Recovery Fund Board	17,258	32,085
911 cost recovery fund	4,277	4,171
Buildings energy audit		3,000
Dairy stewardship program	7,123	
	<u>\$ 1,184,283</u>	<u>\$ 1,136,214</u>

TOWN OF TRURO
 GENERAL FUND
 NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND REVENUES
 YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
CONDITIONAL TRANSFERS FROM OTHER GOVERNMENTS		
Federal Government		
Indian and Northern Affairs - municipal services	\$ 301,806	\$ 317,000
Student program	4,416	5,719
RCMP - CISNS program	74,215	72,498
Provincial Government		
Recreation Facility Master Plan	10,000	
Municipal Physical Activity Leadership Program	8,335	
Active Kids - Healthy Kids	5,899	
Regional Transit Study	44,039	
Normal College study		31,638
Police Boots on the Streets program	<u>400,000</u>	<u>390,000</u>
	<u>\$ 848,710</u>	<u>\$ 816,855</u>

TOWN OF TRURO
GENERAL FUND
NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND EXPENDITURES
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
GENERAL GOVERNMENT SERVICES		
Legislative		
Mayor remuneration	\$ 29,508	\$ 28,966
Mayor expenses	7,170	7,414
Council remuneration	115,917	119,944
Council expenses	106,436	81,972
General Administrative		
Administrative	749,753	634,647
Financial management	310,967	256,550
Taxation		
Tax rebates	48,382	41,508
Transfer for assessment services	166,897	168,100
Common services	412,538	398,546
Other general administrative services	63,696	137,896
Amortization		
Amortization of capital assets	420,084	253,997
(Gain) loss on sale of capital assets	(5,426)	(14,830)
Debt charges		
Debenture interest	211,478	300,633
Other debt charges	825	1,283
Valuation allowances		
Uncollectable taxes (recovered)	(5,495)	1,166
Other doubtful receivables (recovered)	(1,319)	14,569
Other general government services		
Grants to organizations and individuals	172,080	148,391
	<u>\$ 2,803,491</u>	<u>\$ 2,580,752</u>
PROTECTIVE SERVICES		
Police protection	\$ 4,678,950	\$ 4,213,325
Law enforcement		
Transfer to correction services	179,852	226,232
Transfer to prosecution services	29,300	20,063
Fire protection		
Water supply and hydrants	644,214	548,479
Fire service operations	1,110,014	1,012,524
Emergency measures	29,122	27,043
Amortization		
Amortization of capital assets	171,133	249,010
(Gain) loss on sale of capital assets	(2,287)	
Debenture interest on long term debt	132,690	85,501
Other protective services	141,799	132,404
	<u>\$ 7,114,787</u>	<u>\$ 6,514,581</u>

TOWN OF TRURO
GENERAL FUND
NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND EXPENDITURES
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
TRANSPORTATION SERVICES		
Common services	\$ 391,562	\$ 401,879
Road transport		
Street maintenance	842,184	1,011,286
Sidewalk maintenance	211,106	330,079
Snow and ice control	698,465	273,742
Street lighting	285,203	290,009
Traffic services	86,892	112,620
Other road transport	82,344	29,834
Amortization		
Amortization of capital assets	1,780,762	1,676,792
(Gain) loss on sale of capital assets	39,070	39,110
Debt services		
Debenture interest on long-term debt	100,394	108,182
	<u>\$ 4,517,982</u>	<u>\$ 4,273,533</u>
ENVIRONMENTAL HEALTH SERVICES		
Sewage collection and disposal		
Sewage collection systems	\$ 728,326	\$ 635,732
Sewage treatment and disposal	650,285	580,830
Garbage and waste collection and disposal		
Garbage and waste collection	414,740	476,420
Recycling	85,626	88,204
Amortization		
Amortization of capital assets	309,787	280,528
(Gain) loss on sale of capital assets	500	
Debt charges		
Debenture interest on long term-debt	93,921	119,325
	<u>\$ 2,283,185</u>	<u>\$ 2,181,039</u>
PUBLIC HEALTH SERVICES		
Deficit of Regional Housing Authority	\$ 67,434	\$ 67,378
Colchester Regional Hospital Foundation contribution	1,040,880	566,980
Debt charges		
Debenture interest on long term-debt	147,811	121,551
	<u>\$ 1,256,125</u>	<u>\$ 755,909</u>

TOWN OF TRURO
GENERAL FUND
NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND EXPENDITURES
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
ENVIRONMENTAL DEVELOPMENT SERVICES		
Town planning and zoning	\$ 346,157	\$ 361,632
Transfer to Colchester Regional Development Agency	71,100	71,100
Other community development	476,964	455,900
Natural resources development	126,891	105,293
Industrial Development Society	117,000	131,649
Tourism services	5,118	3,319
Amortization		
Amortization of capital assets	1,292	211
(Gain) loss on sale of capital assets	(801)	
	<u>\$ 1,143,721</u>	<u>\$ 1,129,104</u>
RECREATION AND CULTURAL SERVICES		
Recreation administration	\$ 315,253	\$ 267,187
Recreation facilities		
Stadium and outdoor rinks	612,392	632,748
Victoria Park Pool	72,239	62,873
Victoria Park	254,462	255,418
Ballfields, soccer fields, green spaces	216,510	206,536
Douglas Street Community Centre	66,169	
Other recreation services	76,022	118,411
Cultural buildings and facilities		
Colchester East Hants Branch Library	73,375	67,975
Transfer to Regional Library	79,940	65,566
Other		4,033
Amortization		
Amortization of capital assets	121,966	131,794
(Gain) loss on disposal of capital assets	(551)	16,490
Debenture interest on long-term debt	30,442	33,627
	<u>\$ 1,918,219</u>	<u>\$ 1,862,658</u>

TOWN OF TRURO
GENERAL FUND
NON-CONSOLIDATED SCHEDULE OF FINANCING AND TRANSFERS OF THE GENERAL OPERATING FUND
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCING		
Issue of long-term debt	\$ 1,100,000	\$ 3,661,250
Repayment of long-term debt	(1,374,902)	(1,441,839)
Repayment of short-term borrowing		(1,007,739)
	<u>\$ (274,902)</u>	<u>\$ 1,211,672</u>
AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES		
Change in post employment benefits liability	\$ (18,572)	\$ 124,801
less charged to operations in current year (note 8)	(240,871)	(286,001)
Change in deferred pension liability	62,773	(283,609)
	<u>\$ (196,670)</u>	<u>\$ (444,809)</u>
TRANSFER TO (FROM) OWN RESERVES AND FUNDS		
Parks, Recreation and Culture	\$ 50,052	\$ 4,965
Fire Service	180,000	(175,949)
Police Service	(10,000)	(24,373)
Public Works	535,530	(55,998)
Finance and Administration	(106,957)	(215,450)
Elementary School Enhancements		187,500
Downtown revitalization		(85,000)
Land and buildings	70,000	
Operating Reserve	269,470	116,923
Capital Fund - stadium loan	(174,468)	655,456
Capital Fund - hospital loan	(1,040,880)	(566,980)
Capital Fund - hospital loan	1,100,000	1,000,000
Capital Fund - Civic Centre loan	(573,806)	
Capital Fund - junior high property		(125,000)
Capital Fund - capital expenditures	(563,492)	1,608,350
	<u>\$ (264,551)</u>	<u>\$ 2,324,444</u>

TOWN OF TRURO
 GENERAL FUND
 NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GENERAL CAPITAL FUND
 MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash	<u>\$ 2,551,229</u>	<u>\$ 2,577,982</u>
LIABILITIES		
Long-term debt (B-32)	<u>12,035,703</u>	<u>11,823,449</u>
NET FINANCIAL ASSETS (LIABILITIES)	<u>(9,484,474)</u>	<u>(9,245,467)</u>
NON-FINANCIAL ASSETS		
Extraordinary expenses capitalized		
Colchester Regional Hospital Foundation contribution	1,996,234	1,105,354
Capital assets, net of accumulated amortization (note 10)	<u>64,002,177</u>	<u>59,771,684</u>
	<u>65,998,411</u>	<u>60,877,038</u>
NET ASSETS	<u><u>\$ 56,513,937</u></u>	<u><u>\$ 51,631,571</u></u>
FUND BALANCE	<u><u>\$ 56,513,937</u></u>	<u><u>\$ 51,631,571</u></u>

ON BEHALF OF THE TOWN

_____, Mayor

_____, Chief Administrative Officer

TOWN OF TRURO
GENERAL FUND
NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE GENERAL CAPITAL FUND
MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
REVENUE		
Contribution from outside sources	\$ 278,445	\$ 405,427
Federal grants	2,129,581	933,811
Provincial grants	<u>2,395,027</u>	<u>249,972</u>
	<u>4,803,053</u>	<u>1,589,210</u>
EXPENDITURES		
General government services		
Land	127,156	175,279
Equipment	144,567	261,155
Protective services		
Police	32,594	66,637
Fire	19,287	490,576
Transportation services		
Sidewalk construction	354,192	726,986
Street, curb and gutter construction	1,399,278	1,158,245
Equipment	189,127	496,566
Buildings		776,915
Environmental health services		
Sewer construction	91,727	320,717
Public health services		
Colchester Regional Hospital Foundation contribution	1,040,880	566,980
Environmental development services		
Equipment		3,244
Recreation and cultural services		
Buildings	4,663,523	
Equipment	<u>70,638</u>	<u>1,354,343</u>
	<u>8,132,969</u>	<u>6,397,643</u>
NET EXPENDITURE	(3,329,916)	(4,808,433)
FINANCING AND TRANSFERS		
Proceeds of issuance of debt	(1,100,000)	(3,661,250)
Retirement of debt	737,746	1,772,422
Transfers from own reserves, funds and agencies	<u>8,574,536</u>	<u>9,536,454</u>
CHANGE IN FUND BALANCE	4,882,366	2,839,193
BEGINNING FUND BALANCE	<u>51,631,571</u>	<u>48,792,378</u>
ENDING FUND BALANCE	<u><u>\$ 56,513,937</u></u>	<u><u>\$ 51,631,571</u></u>

TOWN OF TRURO
NOTES TO NON-CONSOLIDATED GENERAL FUND FINANCIAL STATEMENTS
MARCH 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of management, prepared in accordance with local government standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

a) BASIS OF ACCOUNTING

The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are recognized in the period the goods and services were acquired and a liability is incurred or transfers are due.

b) PROPERTY AND EQUIPMENT

Capital assets and projects in progress are reported as expenditures in the statement of financial activities in the year of acquisition. The Town records amortization on its property and equipment based on rates recommended under generally accepted accounting principles.

c) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from the estimates.

e) FINANCIAL INSTRUMENTS

Financial instruments consisting of cash, receivables, long-term investments, payables and long-term debt are carried at cost which approximates fair market value.

2. 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 formula.

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 \$79,940 (2010 - \$67,975) to the Regional Library for costs of operation of the Truro branch of the Regional Library.

CONTRIBUTION TO TRURO HOUSING AUTHORITY - 12 1/2% INTEREST

During the year, the Town paid \$67,434 (2010 - \$65,566) to the Truro Housing Authority to fund its share of the prior year's deficit.

TOWN OF TRURO
 NOTES TO NON-CONSOLIDATED GENERAL FUND FINANCIAL STATEMENTS
 MARCH 31, 2011

3. CONTRIBUTION TO PROVINCIAL GOVERNMENT DEPARTMENTS AND AGENCIES

The Town of Truro 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.

EDUCATION CONTRIBUTION

During the year, the Town paid \$2,188,284 (2010 - \$2,226,408) to the Chignecto-Central Regional School Board, based on the mandatory municipal education rate times the Town of Truro's uniform assessment.

CORRECTIONS CONTRIBUTION

During the year, the Town paid \$179,852 (2010 - \$226,232) to the Province of Nova Scotia for corrections services, based on formula involving the Town's uniform assessment and number of dwelling units.

ASSESSMENT SERVICES CONTRIBUTION

During the year, the Town paid \$166,897 (2010 - \$168,100) to the Province of Nova Scotia for assessment services, based on formula involving the Town's uniform assessment and number of assessment accounts.

4. TAXES RECEIVABLE

	CURRENT YEAR	PRIOR YEARS	2011 TOTAL	2010 TOTAL
Balance, beginning	\$ -	\$1,095,037	\$ 1,095,037	\$ 1,468,992
Current year's tax levy	<u>18,891,280</u>		<u>18,891,280</u>	<u>18,254,060</u>
	<u>18,891,280</u>	<u>1,095,037</u>	<u>19,986,317</u>	<u>19,723,052</u>
Deduct:				
Current year's collections	18,291,198	662,696	18,953,894	18,614,442
Exemptions	13,650		13,650	10,950
Reduced taxes	<u>5,025</u>		<u>5,025</u>	<u>2,623</u>
	<u>18,309,873</u>	<u>662,696</u>	<u>18,972,569</u>	<u>18,628,015</u>
Balance, ending	581,407	432,341	1,013,748	1,095,037
Less valuation allowance		<u>100,225</u>	<u>100,225</u>	<u>92,613</u>
	<u>\$ 581,407</u>	<u>\$ 332,116</u>	913,523	1,002,424
Interest receivable			<u>175,193</u>	<u>135,197</u>
			<u>\$ 1,088,716</u>	<u>\$ 1,137,621</u>

TOWN OF TRURO
 NOTES TO NON-CONSOLIDATED GENERAL FUND FINANCIAL STATEMENTS
 MARCH 31, 2011

5. OTHER RECEIVABLES

	<u>2011</u>	<u>2010</u>
Sidewalk frontage assessments	\$ 19,436	\$ 22,629
Sewer frontage assessments	13,397	9,992
Interest receivable	8,368	8,978
Other	<u>2,434,936</u>	<u>1,364,367</u>
	2,476,137	1,405,966
Less valuation allowance	19,191	13,617
	<u>\$ 2,456,946</u>	<u>\$ 1,392,349</u>

6. DUE FROM (TO) OWN FUNDS

	<u>2011</u>	<u>2010</u>
Water Utility	\$ 30,445	\$ (42,251)
Industrial Development Society	(16,391)	(17,876)
	<u>\$ 14,054</u>	<u>\$ (60,127)</u>

7. TAX SALE SURPLUS

The twenty year period of holding these funds in the operating fund statement of financial position will expire in 2022, 2025, 2027 and 2030. \$4,900 (2022), \$22,181 (2025), \$6,185 (2027) and \$36,128 (2030) will be transferred to the Capital Reserve Fund.

8. POST EMPLOYMENT BENEFITS LIABILITY

The Town provides certain post employment benefits to employees upon approved retirement. The Town provides benefits for sick leave under the following conditions:

- a) All full-time and union employees receive 1 1/2 days of sick leave per month.
- b) Sick leave can be used only for paid time off for illness of the employee. Sick leave taken off in time is paid at the employee's normal rate of pay.
- c) Unused sick days are accumulated in a bank to a maximum of 1,040 hours.

This obligation is being charged to operations from 2009 to 2012. Valuation of the liability is determined by calculating the benefit earned by each employee with a discount factor of 5%.

	<u>2011</u>	<u>2010</u>
Accrued benefit liability - opening	\$ 1,019,201	\$ 894,400
Net change in benefit obligation	(18,572)	124,801
Accrued benefit liability - closing	<u>1,000,629</u>	<u>1,019,201</u>
Less: amounts to be recovered from future years	(250,157)	(509,601)
Accrued liability portion	<u>\$ 750,472</u>	<u>\$ 509,600</u>

TOWN OF TRURO
 NOTES TO NON-CONSOLIDATED GENERAL FUND FINANCIAL STATEMENTS
 MARCH 31, 2011

9. DEFERRED PENSION LIABILITY

Pension Plan for the Employees of the Town of Truro

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. The last actuarial report was completed as at December 31, 2007 (previous December 31, 2005).

The actuarial report indicates that the present value of the accumulated plan benefit at December 31, 2007 was \$12,663,900. The net assets available to provide for these benefits, at market value, at December 31, 2007 amounted to \$12,865,000. The significant actuarial assumptions adopted in measuring the Town's accrued benefit obligations are as follows: discount rate 6%; expected long-term rate of return on plan assets 6%.

	<u>2011</u>	<u>2010</u>
Deferred pension liability - opening	\$ 557,893	\$ 841,502
Town's share of 2009 PANS solvency deficiency	344,407	
Decrease in deferred liability due to funding	<u>(281,634)</u>	<u>(283,609)</u>
Deferred pension liability - closing	620,666	557,893
Less: amounts to be recovered from future years	<u>(620,666)</u>	<u>(557,893)</u>
Accrued liability portion	<u>\$ -</u>	<u>\$ -</u>

Pension Plan for Town of Truro Members of the Police Association of Nova Scotia (PANS) Pension Plan

During the year, the Town was assigned the unfunded liability for its share of the PANS solvency deficiency arising from the actuarial report completed as of September 30, 2009.

During the 2008-09 fiscal year, the Town was assigned the unfunded liability for its share of the PANS Pension Plan for Locals 101 and 211, for which a long term loan was issued. Interest and principal debt servicing charges to retire this loan will be recovered from and paid over the next eight years.

	<u>2011</u>	<u>2010</u>
Long term loan payable related to PANS pension plan - opening	\$ 928,404	\$ 1,031,560
Decrease in loan payable	<u>(103,156)</u>	<u>(103,156)</u>
Long term loan - closing	825,248	928,404
Less: amounts to be recovered from future years	<u>(825,248)</u>	<u>(928,404)</u>
Accrued liability portion	<u>\$ -</u>	<u>\$ -</u>

TOWN OF TRURO
 GENERAL FUND
 NOTES TO NON-CONSOLIDATED GENERAL FUND FINANCIAL STATEMENTS
 MARCH 31, 2011

10. CAPITAL ASSETS	Land	Land Improvements	Land	Buildings	Machinery & Equipment	Vehicles	Streets, Bridges, Roads & Curbs	Sewers & Drains	Sidewalks	2011
Cost:										
Balance, beginning of year	7,409,589	160,996		19,410,781	6,078,888	1,130,813	21,793,855	15,146,386	15,745,044	86,876,352
Additions	193,945	25,867		4,318,552	526,039	146,945	917,030	85,088	878,619	7,092,086
Disposals					(203,482)	(64,073)	(224,751)	(3,041)	(150,526)	(645,872)
Balance, end of year	<u>7,603,534</u>	<u>186,863</u>		<u>23,729,333</u>	<u>6,401,446</u>	<u>1,213,685</u>	<u>22,486,134</u>	<u>15,228,433</u>	<u>16,473,138</u>	<u>93,322,566</u>
Accumulated Amortization:										
Balance, beginning of year		28,357		4,702,434	3,667,212	682,924	7,582,826	6,186,237	4,254,678	27,104,668
Annual amortization		16,099		443,659	420,241	129,206	867,354	291,725	636,738	2,805,023
Disposals					(203,482)	(64,073)	(195,742)	(2,541)	(123,464)	(589,302)
Balance, end of year		<u>44,456</u>		<u>5,146,093</u>	<u>3,883,972</u>	<u>748,057</u>	<u>8,254,438</u>	<u>6,475,421</u>	<u>4,767,952</u>	<u>29,320,389</u>
Net Book Value of Capital Assets	<u>7,603,534</u>	<u>142,407</u>		<u>18,583,240</u>	<u>2,517,474</u>	<u>465,628</u>	<u>14,231,697</u>	<u>8,753,012</u>	<u>11,705,186</u>	<u>64,002,177</u>
2010 Net Book Value of Capital Assets	<u>7,409,589</u>	<u>132,639</u>		<u>14,708,347</u>	<u>2,411,676</u>	<u>447,889</u>	<u>14,211,029</u>	<u>8,960,149</u>	<u>11,490,366</u>	<u>59,771,684</u>

TOWN OF TRURO
 NOTES TO NON-CONSOLIDATED GENERAL FUND FINANCIAL STATEMENTS
 MARCH 31, 2011

11. CONTINGENCIES

As at March 31, 2011, there are several disputed matters, which the Town is defending and believes their defence will be successful.

12. COMMITMENTS

The Town of Truro has committed to contributing \$4,100,000 to the new Colchester Regional Hospital project, on a percentage of completion basis. To March 31, 2011 the Town has contributed \$2,301,235 to this project.

The Town of Truro has committed to contributing up to \$10,560,000 (estimated to be 40% of the Municipal share) to the new Civic Centre project, in cooperation with the Municipality of the County of Colchester (60% of the Municipal share).

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

<u>Project</u>	<u>Town's initial share</u>	<u>Town's initial share of capital cost</u>	<u>Town's Share of financial commitment March 31, 2011</u>
a) Phase 3 Trunk Line Sewer Project	50%	\$ 2,300,000	\$ 124,000
b) Phase 4B Regional Sewage Treatment Plant	50%	2,250,000	675,000
c) Regional Balefill Facility	33.23%	2,658,400	574,500
d) Phase 4C and 4D Regional Wastewater Facility	50%	<u>1,950,000</u>	<u>570,500</u>
		<u>\$ 9,158,400</u>	<u>\$ 1,944,000</u>

During the year, the Town paid a total of \$477,921 (2010 - \$495,675) to the County of Colchester as their share of the joint financing commitments for these projects. This expenditure is recorded under Environmental Health Services \$93,921 (2010 - \$111,675) and Financing and Transfers \$384,000 (2010 - \$384,000).

The amounts to be paid to the County of Colchester over future years are as follows:

2012	\$ 465,884
2013	448,292
2014	370,319
2015	355,935
2016 to 2017	<u>554,526</u>
	2,194,956
Less: interest component	<u>250,956</u>
Principal component	<u>\$ 1,944,000</u>

The Town has commitments under operating leases over the next five years as follows:

For the year ending March 31, 2012	\$ 68,491
2013	43,833
2014	32,569
2015	16,896
2016	1,615

TOWN OF TRURO
NOTES TO NON-CONSOLIDATED GENERAL FUND FINANCIAL STATEMENTS
MARCH 31, 2011

13. REMUNERATION OF COUNCIL MEMBERS

W.R. Mills	Mayor	\$	32,787
B. Kinsman	Deputy Mayor		19,515
R. Tynes	Councillor		20,702
D. Bennett-Cook	Councillor		18,925
S. Byers	Councillor		18,925
C. Cox	Councillor		18,925
G. MacArthur	Councillor		18,925

TOWN OF TRURO
 NOTES TO NON-CONSOLIDATED GENERAL FUND FINANCIAL STATEMENTS
 MARCH 31, 2011

15. TRUST FUNDS

STATEMENT OF FINANCIAL POSITION OF TRUST FUNDS
 MARCH 31, 2011

	JAMES LITTLE BURSARY TRUST	LILLIE NELSON TRUST	ROBERT MINGO TRUST	2011 TOTAL	2010 TOTAL
FINANCIAL ASSETS					
Cash	\$ 15,920	\$ 3,103	\$109,612	\$128,635	\$128,684
Investments, at cost (market value \$276,768; 2010 - \$270,717)		259,633		259,633	271,999
	<u>\$ 15,920</u>	<u>\$262,736</u>	<u>\$109,612</u>	<u>\$388,268</u>	<u>\$400,683</u>
FUND BALANCE	<u>\$ 15,920</u>	<u>\$262,736</u>	<u>\$109,612</u>	<u>\$388,268</u>	<u>\$400,683</u>

STATEMENT OF FINANCIAL ACTIVITIES OF TRUST FUNDS
 YEAR ENDED MARCH 31, 2011

REVENUE					
Interest and dividends	\$ 140	\$ 9,112	\$ 966	\$ 10,218	\$ 9,375
Gain (loss) on sale of investments		248		248	(1,475)
	<u>140</u>	<u>9,360</u>	<u>966</u>	<u>10,466</u>	<u>7,900</u>
EXPENDITURES					
Transfer to Town of Truro		20,000		20,000	20,000
Administration costs		2,881		2,881	2,868
		<u>22,881</u>		<u>22,881</u>	<u>22,868</u>
CHANGE IN FUND BALANCE	140	(13,521)	966	(12,415)	(14,968)
BEGINNING FUND BALANCE	<u>15,780</u>	<u>276,257</u>	<u>108,646</u>	<u>400,683</u>	<u>415,651</u>
ENDING FUND BALANCE	<u>\$ 15,920</u>	<u>\$262,736</u>	<u>\$109,612</u>	<u>\$388,268</u>	<u>\$400,683</u>

ON BEHALF OF THE TOWN

_____, Mayor

_____, Chief Administrative Officer

TOWN OF TRURO
 WATER UTILITY
 NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE OPERATING FUND
 MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
ASSETS		
RECEIVABLES:		
Rates (less allowance for doubtful accounts \$20,350; 2010 - \$14,792)	\$ 712,686	\$ 555,769
Other (less allowance for doubtful accounts \$Nil; 2010 - \$1,485)	94,457	178,167
Due from other funds		42,251
Federal/Provincial infrastructure funding		<u>183,681</u>
	807,143	959,868
INVENTORIES, AT COST	214,018	178,832
PREPAID EXPENSES	<u>52,946</u>	<u>50,209</u>
	<u>\$ 1,074,107</u>	<u>\$ 1,188,909</u>
LIABILITIES		
Bank indebtedness	\$ 347,621	\$ 366,447
Trade accounts payable	74,318	224,417
Due to other funds	30,445	
Post employment benefits liability (note 3)	<u>96,037</u>	<u>53,559</u>
	548,421	644,423
FUND BALANCE	<u>525,686</u>	<u>544,486</u>
	<u>\$ 1,074,107</u>	<u>\$ 1,188,909</u>

ON BEHALF OF THE TOWN

_____, Mayor

_____, Chief Administrative Officer

TOWN OF TRURO
WATER UTILITY
NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE OPERATING FUND
YEAR ENDED MARCH 31, 2011

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		2011	2010
	Page	UNAUDITED BUDGET	ACTUAL
		ACTUAL	ACTUAL
OPERATING REVENUE			
Meter sales		\$ 2,850,000	\$ 2,781,511
Flat rate sales		10,000	22,669
Public fire protection		644,200	644,214
Private fire protection		16,000	16,901
Private hydrant maintenance		16,000	17,325
Sprinkler service charge		40,000	40,738
Interest on overdue accounts		15,000	20,329
		<u>3,591,200</u>	<u>3,543,687</u>
OPERATING EXPENDITURES			
Source of supply	B-23	43,000	23,806
Power and pumping	B-23	33,000	46,074
Transmission and distribution	B-23	733,000	796,552
Water treatment	B-23	1,245,000	1,129,712
Administration and general	B-23	312,000	326,893
Depreciation		357,000	432,887
Taxes		703,000	710,558
		<u>3,426,000</u>	<u>3,466,482</u>
EXCESS OPERATING REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)			
		<u>165,200</u>	<u>77,205</u>
NON-OPERATING REVENUE			
Federal/Provincial infrastructure funding			183,681
Colchester County infrastructure funding			1,724
Contributions in aid of capital expenditures			44,396
Miscellaneous		49,000	70,537
Proceeds from (repayment of) short term loan			(200,000)
Proceeds from long term debt			200,000
Transfer from reserve			60,548
		<u>49,000</u>	<u>175,481</u>
NON-OPERATING EXPENDITURES			
Bank charges and interest		70,300	83,688
Principal instalments on long term debt		92,700	92,688
NSUARB rate application			8,588
Post employment benefits (note 3)		26,800	21,547
Tangible capital assets review		12,000	8,236
Change in post-employment benefits liability			20,931
		<u>201,800</u>	<u>227,090</u>
OPERATING RESULTS			
		12,400	25,596
Capital expenditures out of revenue		<u>12,400</u>	<u>44,396</u>
NET CHANGE IN FUND BALANCE			
		<u>\$ -</u>	<u>(18,800)</u>
FUND BALANCE, BEGINNING			
		<u>544,486</u>	<u>535,722</u>
FUND BALANCE, ENDING			
		<u>\$ 525,686</u>	<u>\$ 544,486</u>

TOWN OF TRURO
WATER UTILITY
NON-CONSOLIDATED SCHEDULE OF OPERATING FUND EXPENDITURES
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
SOURCE OF SUPPLY		
Labour	\$ 21,509	\$ 19,435
Watershed maintenance	<u>2,297</u>	<u>22,712</u>
	<u>\$ 23,806</u>	<u>\$ 42,147</u>
POWER AND PUMPING		
Power	\$ 2,635	\$ 2,697
Maintenance	<u>43,439</u>	<u>34,223</u>
	<u>\$ 46,074</u>	<u>\$ 36,920</u>
TRANSMISSION AND DISTRIBUTION		
Salary and benefits	\$ 91,694	\$ 126,158
Maintenance of mains	362,910	305,345
Maintenance of other distribution plant	<u>341,948</u>	<u>392,214</u>
	<u>\$ 796,552</u>	<u>\$ 823,717</u>
WATER TREATMENT PLANT		
Utilities	\$ 208,115	\$ 176,903
Plant process systems	400,640	391,358
Plant process control	181,364	193,893
Treatment non-process systems	81,935	59,676
Remote stations	28,872	16,905
Raw water treatment systems	22,188	64,640
Administration	<u>206,598</u>	<u>134,550</u>
	<u>\$ 1,129,712</u>	<u>\$1,037,925</u>
ADMINISTRATION AND GENERAL		
Supervision	\$ 165,152	\$ 123,670
Consumer contracts and orders	89,350	62,489
Consumer billing and accounting	33,426	53,994
Uncollectable accounts	9,038	9,714
General office expenses	946	1,067
Professional fees	6,722	4,241
Liability insurance	18,563	16,017
Regulatory expenses	<u>3,696</u>	<u>3,421</u>
	<u>\$ 326,893</u>	<u>\$ 274,613</u>

TOWN OF TRURO
 WATER UTILITY
 NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CAPITAL FUND
 MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
ASSETS		
CASH		
Depreciation (note 4)	\$ 369,665	\$ 174,126
UTILITY PLANT AND EQUIPMENT	<u>24,609,682</u>	<u>24,345,966</u>
	<u>\$ 24,979,347</u>	<u>\$ 24,520,092</u>
LIABILITIES		
Accumulated allowance for depreciation (note 5)	\$ 6,235,888	\$ 5,806,733
Short term loan		200,000
Long term loans	<u>1,961,062</u>	<u>1,853,750</u>
	8,196,950	7,860,483
INVESTMENT IN CAPITAL ASSETS	<u>16,782,397</u>	<u>16,659,609</u>
	<u>\$ 24,979,347</u>	<u>\$ 24,520,092</u>

ON BEHALF OF THE TOWN

_____, Mayor

_____, Chief Administrative Officer

TOWN OF TRURO
WATER UTILITY
NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE CAPITAL FUND
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
INVESTMENT IN CAPITAL ASSETS		
Beginning fund balance	\$ 16,659,609	\$ 16,357,965
Depreciation	(432,887)	(430,382)
Change in depreciation funds	195,539	71,377
Loss on disposal of capital assets	(15,753)	(61,913)
Capital expenditures	283,201	2,440,399
Repayment of long term debt	92,688	
Proceeds from short term loan		(200,000)
Repayment of short term loan	200,000	335,913
Proceeds from long term loan	(200,000)	(1,853,750)
Ending fund balance	<u>\$ 16,782,397</u>	<u>\$ 16,659,609</u>

NON-CONSOLIDATED STATEMENT OF CAPITAL FUND PLANT AND EQUIPMENT
MARCH 31, 2011

Land		
Source of supply	\$ 1,905,228	\$ 1,905,228
Structures and Improvements		
Source of supply	3,830,169	3,810,900
Power and pumping	1,568,245	1,568,245
Purification	4,566,195	4,566,195
Distribution and reservoir	631,794	631,794
General	564,350	564,350
Other water source structures	62,890	62,890
Electrical pumping equipment	936,122	936,122
Purification equipment	992,973	971,074
Distribution mains	5,934,356	5,934,356
Distribution equipment	181,477	181,477
Services	1,668,782	1,567,126
Meters	663,138	631,894
Hydrants	646,045	577,397
Office furniture and equipment	49,745	28,745
Transportation equipment	392,521	392,521
Tools and work equipment	15,652	15,652
	<u>\$ 24,609,682</u>	<u>\$ 24,345,966</u>

TOWN OF TRURO
WATER UTILITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

1. STATUS AND NATURE OF ACTIVITIES

The Water Utility (the "utility"), incorporated under an Act to incorporate the Town of Truro, operates the water delivery system on behalf of the Town of Truro.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed for Nova Scotia Water Utilities by the Nova Scotia Utility and Review Board.

a) REVENUES AND EXPENDITURES

Major revenues and expenditures are recorded on an accrual basis.

b) ALLOWANCE FOR DOUBTFUL ACCOUNTS

A valuation allowance is provided for estimated losses that will be incurred in collecting receivables outstanding.

c) PROPERTY AND EQUIPMENT

Prior to April 1, 2007, capital assets and projects in progress were recorded at the net cost to the utility, after deducting grants and other contributions towards the cost of the capital asset. Effective April 1, 2007, capital assets and projects in progress are recorded at the gross cost to the utility. Interest incurred in construction of significant water capital projects is capitalized. Interest is calculated at the prevailing prime rate for projects temporarily funded by water utility operations.

d) DEPRECIATION

Depreciation of capital assets is provided for on a formula prescribed by the Nova Scotia Utility and Review Board. Depreciation is not recorded on capital assets contributed to the utility between January 1, 1985 and March 31, 2007. Approval has been obtained from the Nova Scotia Utility and Review Board to continue recording depreciation on capital assets contributed prior to January 1, 1985. Effective April 1, 2007, depreciation is recorded on capital assets contributed to the utility after March 31, 2007.

e) ALLOCATION OF MUNICIPAL COSTS TO WATER UTILITY FUNDS

Costs incurred by the Town of Truro on behalf of the water utility are charged to the utility funds. Salary and wage related costs are allocated in proportion to time spent performing functions on behalf of the water utility.

TOWN OF TRURO
 WATER UTILITY
 NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
 YEAR ENDED MARCH 31, 2011

3. POST EMPLOYMENT BENEFITS LIABILITY

The utility provides certain post employment benefits to employees upon approved retirement. The utility provides benefits for sick leave under the following conditions:

- a) All full-time and union employees receive 1 1/2 days of sick leave per month.
- b) Sick leave can be used only for paid time off for illness of the employee. Sick leave taken off in time is paid at the employee's normal rate of pay.
- c) Unused sick days are accumulated in a bank to a maximum of 1,040 hours.

This obligation is being charged to operations from 2009 to 2012. Valuation of the liability is determined by calculating the benefit earned by each employee with a discount factor of 5%.

	<u>2011</u>	<u>2010</u>
Accrued benefit liability, opening	\$ 107,118	\$ 90,248
Net change in benefit obligation	<u>20,931</u>	<u>16,870</u>
Accrued benefit liability, closing	128,049	107,118
Less: amounts to be recovered from future years	<u>(32,012)</u>	<u>(53,559)</u>
Accrued liability portion	<u><u>\$ 96,037</u></u>	<u><u>\$ 53,559</u></u>

4. DEPRECIATION FUNDS

	<u>2011</u>	<u>2010</u>
Cash balance, beginning	\$ 174,126	\$ 102,749
Add: Depreciation	432,887	430,382
Interest earned during the year	<u>1,590</u>	<u>406</u>
	608,603	533,537
Less: Acquisition of capital assets during the year	<u>238,938</u>	<u>359,411</u>
Cash balance, ending	<u><u>\$ 369,665</u></u>	<u><u>\$ 174,126</u></u>

TOWN OF TRURO
 WATER UTILITY
 NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
 YEAR ENDED MARCH 31, 2011

5. ACCUMULATED ALLOWANCE FOR DEPRECIATION

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$5,806,733	\$5,385,343
Add: current year's depreciation	432,887	430,382
Less: current year's disposals	<u>(3,732)</u>	<u>(8,992)</u>
Balance, end of year	<u><u>\$6,235,888</u></u>	<u><u>\$5,806,733</u></u>

6. RATE OF RETURN ON RATE BASE

For the year ended March 31, 2011 the Water Utility had a rate of return on rate base of .42%
 (2010 - -1.53%)

TOWN OF TRURO
 NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF RESERVE FUNDS
 MARCH 31, 2011

	<u>FEDERAL GAS TAX RESERVE</u>	<u>INVESTMENT RESERVE</u>	<u>2011 TOTAL</u>	<u>2010 TOTAL</u>
FINANCIAL ASSETS				
Cash	\$ 420,371	\$ 839,987	\$ 1,260,358	\$ 979,482
Loans - General Fund		<u>2,160,013</u>	<u>2,160,013</u>	<u>2,403,602</u>
	<u>\$ 420,371</u>	<u>\$ 3,000,000</u>	<u>\$ 3,420,371</u>	<u>\$ 3,383,084</u>
 FUND BALANCE	 <u>\$ 420,371</u>	 <u>\$ 3,000,000</u>	 <u>\$ 3,420,371</u>	 <u>\$ 3,383,084</u>

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF RESERVE FUNDS
 YEAR ENDED MARCH 31, 2011

REVENUE				
Interest on interfund loans	\$ -	\$ 148,854	\$ 148,854	\$ 171,507
Interest	3,369		3,369	
Capital Grant	<u>933,918</u>		<u>933,918</u>	<u>979,084</u>
	<u>937,287</u>	<u>148,854</u>	<u>1,086,141</u>	<u>1,150,591</u>
 EXPENDITURES				
Transfer to capital fund	900,000		900,000	596,000
Transfer to operating fund		<u>148,854</u>	<u>148,854</u>	<u>171,507</u>
	<u>900,000</u>	<u>148,854</u>	<u>1,048,854</u>	<u>767,507</u>
 CHANGE IN FUND BALANCE	 37,287		 37,287	 383,084
 BEGINNING FUND BALANCE	 <u>383,084</u>	 <u>3,000,000</u>	 <u>3,383,084</u>	 <u>3,000,000</u>
 ENDING FUND BALANCE	 <u>\$ 420,371</u>	 <u>\$ 3,000,000</u>	 <u>\$ 3,420,371</u>	 <u>\$ 3,383,084</u>

ON BEHALF OF THE TOWN

_____, Mayor

_____, Chief Administrative Officer

TOWN OF TRURO
 NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF RESERVE FUNDS
 MARCH 31, 2011

	GENERAL FUND				2011	2010
	GENERAL GOVERNMENT SERVICES	PROTECTIVE SERVICES	TRANS-PORTATION SERVICES	RECREATION SERVICES	TOTAL	TOTAL
FINANCIAL ASSETS						
Cash	\$ 14,916	\$ 643,328	\$ 985,163	\$ 304,945	\$ 1,948,352	\$ 1,297,987
FUND BALANCE	\$ 14,916	\$ 643,328	\$ 985,163	\$ 304,945	\$ 1,948,352	\$ 1,297,987

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF RESERVE FUNDS
 YEAR ENDED MARCH 31, 2011

REVENUE						
Transfer from operating fund	\$10,000	\$180,000	\$ 535,530	\$ 71,500	\$ 797,030	\$ 274,000
Cash in lieu of recreation land				1,740	1,740	3,702
Interest					-	5,510
	<u>10,000</u>	<u>180,000</u>	<u>535,530</u>	<u>73,240</u>	<u>798,770</u>	<u>283,212</u>
EXPENDITURES						
Transfer to capital fund	<u>116,957</u>	<u>10,000</u>		<u>21,448</u>	<u>148,405</u>	<u>819,846</u>
CHANGE IN FUND BALANCE	(106,957)	170,000	535,530	51,792	650,365	(536,634)
BEGINNING FUND BALANCE	<u>121,873</u>	<u>473,328</u>	<u>449,633</u>	<u>253,153</u>	<u>1,297,987</u>	<u>1,834,621</u>
ENDING FUND BALANCE	<u>\$ 14,916</u>	<u>\$ 643,328</u>	<u>\$ 985,163</u>	<u>\$ 304,945</u>	<u>\$ 1,948,352</u>	<u>\$ 1,297,987</u>

ON BEHALF OF THE TOWN

_____, Mayor

_____, Chief Administrative Officer

TOWN OF TRURO
 NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF RESERVE FUNDS
 MARCH 31, 2011

	GENERAL FUND		WATER UTILITY		2011	2010
	OTHER CAPITAL RESERVES	OPERATING RESERVE	OPERATING RESERVE	LAND ACQUISITION	TOTAL	TOTAL
FINANCIAL ASSETS						
Cash	\$ 1,391,870	\$ 974,521	\$ -	\$ 100,913	\$ 2,467,304	\$ 2,186,921
FUND BALANCE	\$ 1,391,870	\$ 974,521	\$ -	\$ 100,913	\$ 2,467,304	\$ 2,186,921

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF RESERVE FUNDS
 YEAR ENDED MARCH 31, 2011

REVENUE						
Interest	\$ -	\$ -	\$ 548	\$ 913	\$ 1,461	\$ 8,401
Transfer from operating fund	70,000	269,470			339,470	332,541
	70,000	269,470	548	913	340,931	340,942
EXPENDITURES						
Transfer to capital fund					-	20,000
Transfer to operating fund			60,548		60,548	487,024
	-	-	60,548		60,548	507,024
CHANGE IN FUND BALANCE	70,000	269,470	(60,000)	913	280,383	(166,082)
BEGINNING FUND BALANCE	1,321,870	705,051	60,000	100,000	2,186,921	2,353,003
ENDING FUND BALANCE	\$ 1,391,870	\$ 974,521	\$ -	\$ 100,913	\$ 2,467,304	\$ 2,186,921

ON BEHALF OF THE TOWN

_____, Mayor

_____, Chief Administrative Officer

TOWN OF TRURO
OTHER
SCHEDULE OF CAPITAL DEBT CHARGES AND TERM DEBT
MARCH 31, 2011

	<u>YEAR OF ISSUE</u>	<u>YEAR OF MATURITY</u>	<u>BALANCE MAR 31/2010</u>	<u>LOAN (REDEEMED)</u>	<u>BALANCE MAR 31/2011</u>	<u>INTEREST</u>
SERIAL DEBENTURES						
GENERAL FUND						
Police Station	1998	2018	\$ 800,000	\$ (100,000)	\$ 700,000	\$ 36,423
Building Reconstruction	2004	2024	2,002,000	(143,000)	1,859,000	100,286
Building Reconstruction	2006	2026	1,640,000	(171,250)	1,468,750	67,605
Hospital Contribution	2008	2028	990,000	(55,000)	935,000	47,588
Downtown Revitalization	2008	2018	400,000	(50,000)	350,000	18,212
Hospital Contribution	2009	2029	855,000	(45,000)	810,000	40,361
Public Works Facility	2010	2030	1,661,250	(83,063)	1,578,187	82,182
Stadium / Civic Centre	2010	2030	1,000,000	(50,000)	950,000	21,442
Hospital Construction	2010	2030	1,000,000	(50,000)	950,000	36,570
Hospital Construction	2011	2031		1,100,000	1,100,000	23,292
			<u>\$ 10,348,250</u>	<u>\$ 352,687</u>	<u>\$ 10,700,937</u>	<u>\$ 473,961</u>
WATER UTILITY						
Public Works Facility	2010	2030	\$ 553,750	\$ (27,688)	\$ 526,062	\$ 22,351
Dam Revitalization	2010	2030	1,300,000	(65,000)	1,235,000	47,541
Dam Revitalization	2011	2031		200,000	200,000	4,235
			<u>\$ 1,853,750</u>	<u>\$ 107,312</u>	<u>\$ 1,961,062</u>	<u>\$ 74,127</u>
TOTAL SERIAL DEBENTURES			<u>\$ 12,202,000</u>	<u>\$ 459,999</u>	<u>\$ 12,661,999</u>	<u>\$ 548,088</u>
OTHER TERM DEBT						
GENERAL FUND						
Building Reconstruction	2002	2022	\$ 1,325,199	\$ (110,433)	\$ 1,214,766	\$ 84,150
Victoria Park Pool	2005	2015	150,000	(30,000)	120,000	9,000
TOTAL OTHER TERM DEBT			<u>\$ 1,475,199</u>	<u>\$ (140,433)</u>	<u>\$ 1,334,766</u>	<u>\$ 93,150</u>
TOTAL OVERALL DEBT			<u>\$ 13,677,199</u>	<u>\$ 319,566</u>	<u>\$ 13,996,765</u>	<u>\$ 641,238</u>

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

2012	\$ 1,045,434
2013	1,045,434
2014	1,045,434
2015	1,045,434
2016	1,015,434

TOWN OF TRURO

TRURO INDUSTRIAL DEVELOPMENT SOCIETY

NON-CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REPORT

MARCH 31, 2011

TOWN OF TRURO

TRURO INDUSTRIAL DEVELOPMENT SOCIETY

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MARCH 31, 2011

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COLLINS BARROW NOVA SCOTIA INC.

CHARTERED ACCOUNTANTS

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FAX (902) 895-7499
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Truro NS B2N 4Z4
www.collinsbarrow.com**AUDITORS' REPORT**To the Mayor and Members of Council of the
Town of Truro**Report on the Non-Consolidated Financial Statements**

We have audited the accompanying non-consolidated financial statements of the Truro Industrial Development Society, which comprise the non-consolidated Operating Fund, non-consolidated Capital Fund and non-consolidated Capital Reserve Fund statements of financial position as at March 31, 2011 and the non-consolidated statements of financial activities for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

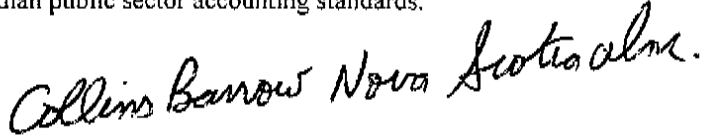
Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-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 entity'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 non-consolidated financial statements.

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

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of the Truro Industrial Development Society as at March 31, 2011 and the results of its financial activities for the year then ended in accordance with Canadian public sector accounting standards.

Truro, Nova Scotia
June 27, 2011


Chartered Accountants

TOWN OF TRURO
 TRURO INDUSTRIAL DEVELOPMENT SOCIETY
 NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE OPERATING FUND
 MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Receivables		
Due from Federal Government	\$ 1,527	\$ 1,394
Due from General Operating Fund	<u>16,391</u>	<u>17,876</u>
	<u>17,918</u>	<u>19,270</u>
LIABILITIES		
Bank overdraft	21,596	29,153
Payables	<u>-</u>	<u>180</u>
	<u>21,596</u>	<u>29,333</u>
NET ASSETS (LIABILITIES)	<u><u>\$ (3,678)</u></u>	<u><u>\$ (10,063)</u></u>
FUND BALANCE	<u><u>\$ (3,678)</u></u>	<u><u>\$ (10,063)</u></u>

ON BEHALF OF THE SOCIETY

_____, Chairman

_____, Member

TOWN OF TRURO
 TRURO INDUSTRIAL DEVELOPMENT SOCIETY
 NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE OPERATING FUND
 YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
REVENUE		
Land sales	\$213,586	\$124,000
Interest revenue	1,409	-
Grant - Town of Truro	<u>117,000</u>	<u>131,649</u>
	<u>331,995</u>	<u>255,649</u>
EXPENDITURES		
Professional fees	11,407	4,914
Miscellaneous	75	2,225
Promotional	1,023	1,239
Survey fees	3,750	1,375
Purchase of land	-	33,900
Taxes	36,372	54,866
Industrial Park promotions	58,860	58,860
Maintenance	<u>14,256</u>	<u>17,800</u>
	<u>125,743</u>	<u>175,179</u>
NET REVENUE	206,252	80,470
FINANCING AND TRANSFERS		
Transfer from capital reserve fund	-	33,900
Transfer to capital reserve fund	<u>(199,867)</u>	<u>(117,489)</u>
CHANGE IN FUND BALANCE	6,385	(3,119)
BEGINNING FUND BALANCE	<u>(10,063)</u>	<u>(6,944)</u>
ENDING FUND BALANCE	<u><u>\$ (3,678)</u></u>	<u><u>\$ (10,063)</u></u>

TOWN OF TRURO
 TRURO INDUSTRIAL DEVELOPMENT SOCIETY
 NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CAPITAL FUND
 MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
NON-FINANCIAL ASSETS		
Land and development costs	<u>\$831,860</u>	<u>\$943,827</u>
FUND BALANCE	<u>\$831,860</u>	<u>\$943,827</u>

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE CAPITAL FUND
 YEAR ENDED MARCH 31, 2011

Cost of land purchased during the year	\$ -	\$ 33,900
Cost of land sold during the year	<u>(111,967)</u>	<u>(28,903)</u>
CHANGE IN FUND BALANCE	(111,967)	4,997
BEGINNING FUND BALANCE	<u>943,827</u>	<u>938,830</u>
ENDING FUND BALANCE	<u>\$831,860</u>	<u>\$943,827</u>

ON BEHALF OF THE SOCIETY

_____, Chairman

_____, Member

TOWN OF TRURO
 TRURO INDUSTRIAL DEVELOPMENT SOCIETY
 NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CAPITAL RESERVE FUND
 MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash	<u>\$433,238</u>	<u>\$231,312</u>
FUND BALANCE	<u>\$433,238</u>	<u>\$231,312</u>

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE CAPITAL RESERVE FUND
 YEAR ENDED MARCH 31, 2011

REVENUE		
Interest	\$ 2,059	\$ 495
Transfer from Operating Fund	<u>199,867</u>	<u>117,489</u>
	201,926	117,984
EXPENDITURES		
Transfer to Operating Fund	<u>-</u>	<u>33,900</u>
CHANGE IN FUND BALANCE	201,926	84,084
BEGINNING FUND BALANCE	<u>231,312</u>	<u>147,228</u>
ENDING FUND BALANCE	<u>\$433,238</u>	<u>\$231,312</u>

ON BEHALF OF THE SOCIETY

_____, Chairman

_____, Member

TOWN OF TRURO
TRURO INDUSTRIAL DEVELOPMENT SOCIETY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

1. STATUS AND NATURE OF ACTIVITIES

The Truro Industrial Development Society (the "Society"), incorporated under the Societies Act, administers the promotion and development of the Town of Truro Industrial Park.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed for Nova Scotia municipalities by Service Nova Scotia and Municipal Relations.

REVENUE

Revenue from sale of lots in the industrial park and from assistance from other governments are recorded on the accrual basis.

CAPITALIZATION

Costs incurred which are directly attributable to the development of the land in the industrial park are capitalized as part of the cost of land. Costs incurred which are directly attributable to the construction of streets, sewers and water mains are capitalized in the General Capital Fund and the Water Utility Capital Fund.

COST OF LAND SALES

Costs are allocated to individual lots on a per acre basis.

3. INVESTMENT IN LAND

On April 19, 1981, the Society (formerly Truro Industrial Commission) entered into an agreement with the Province of Nova Scotia for the development of land owned by the Society (formerly Commission). Under amendments to this agreement in 1987 and 1994, the Society will deposit the proceeds from the sale of the majority of land within the industrial park into a special trust account to be reinvested in the industrial park.